Why Taipei needs to clinch the deal

FINANCIAL TIMES

WEDNESDAY AUGUST 25-1993

Bundesbank cut in key discount rate expected

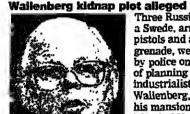
The Bundesbank will cut its leading lending rate this week, chief economists at all Germany's 12 biggest banks have predicted, even though conditions in the economy have not improved since the central bank's last meeting at the end

Nine of the dozen questioned in a poll, which closed last Friday, said they expected a half-point cut in the key discount rate, currently 6.75 per cent. Page 2

China takes outside advice on economy: Zhu Rongji, China's vice-premier in charge of the economy, acted to slow the country's rapid economic growth after recommendations from international advisers. Page 12; China and Vietnam open talks, Page 3; Editorial Comment, Page 11

Bosnia peace map attacked: Bosnia's foreign minister Haris Silajdzic denounced the map put forward last week at the Geneva peace talks for "rewarding the aggressor, and punishing the victim". Page 12; Genocide claim. Page 2

EC reform agenda: Plans for radical reforms of the main European Community institutions, including new rules for majority voting in the council of ministers, have been drawn up in Germany. Page 12; Difficult hirth pangs, Page 11



Three Russians and a Swede, armed with pistols and a hand grenade, were seized police on suspicion of planning to kidnap industrialist Peter Wallenberg, left, from his mansion on the island of Varmdo, near Stockholm, and hold him to ransom. Page 2

Strong yen hits Honda: The rapid appreciation of the yen and weak demand in leading markets depressed first-quarter results at Honda, the Japanese carmaker, with pre-tax profits falling to Y15.3bn (S146m), less than half their previous level. Page 13: Nissan likely to cut UK output target. Page 6

Mars probe hopes fade: Hopes of salvaging the \$950m Mars Observer mission dwindled as US space scientists failed to re-establish radio contact with the spacecraft, which seems destined to head on into space. Page 4

Deere: Earnings at the US agricultural equipment manufacturer surged to \$100.1m in the third quarter amid signs that confidence is returning in the North American agricultural economy in spite of record rains in the Midwest and drought in the south-east. Page 13

Svenska Handelsbanken announced plans to raise nearly SKr2.7bn (\$333m) from shareholders after a strong recovery in first-half operating profits. The Swedish bank wants to be able to meet increased loan demand as the Nordic economies recover. Page 13

Gatt pledge: Klaus Kinkel, German foreign minister, and his French counterpart, Alain Juppé, expressed their joint determination to reach a rapid settlement of the Uruguay Round of talks on world trade. Page 4

Telekom sell-off sought: The chairman of Deutsche Telekom, Germany's state-owned telecommunications group, pleaded for urgent political support for early privatisation of the company.

Angola war deaths warning: The UN special envoy to Angola, in Zimbabwe to revive peace talks. sald 1,000 people were dying each day directly or indirectly because of the war.

UN's clean-up chief: The United Nations appointed Mohamed Aly Niazi as senior investigator to examine persistent charges of fraud, waste and corruption in the organisation. Page 4

Babangida poised to go: Nigeria's military rulers completed plans for an interim government to end the country's severe political crisis after aides said Ibrahim Babangida would relinquish

U-boat salvage hold-up: Difficulties in lifting a German U-hoat raised after a successful salvage operation in Danish waters on to a barge have delayed the opening of the vessel.

Michael Jackson inquiries: Police have searched singer Michael Jackson's home in a criminal investigation believed to arise out allega-

STOCK MARKET INDICES STERLING

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IBM plan to clone microchip threatens legal row

By Louise Kehoe in San Francisco

A LEGAL hattle is hrewing in the US after a decision by Interna-tional Business Machines to clone a version of intel's top-sell-

ing microprocessor chip.
As well as a legal fall-out between two of the world's leading computer and microprocessor companies, IBM's move threatens one of the industry's longest-lasting technology partnerships.

IBM, normally a conservative company, has become increasingly aggressive in its efforts to restore profitability since the arrival of Mr Lou Gerstner, its new chairman and chief executive, in April.

Intel has become the world's largest semiconductor manufacturer largely as a result of the success of its microprocessors, which were chosen by IBM as the decade ago. Since then the Intel

chips have become the standard for all "IBM-compatible" PCs. Yet while Intel has earned record profits from its micropro-cessors, IBM's PC husiness operated for several years at a loss

and only recently achteved a "very small" quarterly profit.
For IBM, cloning the Intel chips seems to represent an attempt to take control of its own destiny and boost the profitabil-

IBM declined to comment on

Its decision. However, the com-pany is believed to have efforts under way to produce "clean room" versions of Intel's 436 and new high-performance Pentium

The "clean room" approach, which has been used by other chip companies to produce Intel microprocessor "work-alikes", involves isolating designers from any access to Intel technology so to create a chip that emulates

the functions of the original. Yet intel has raised legal challenges to all other efforts to clone its microprocessors. Mr Tom Dunlap, intel general counsel, has said in the past that he does not believe that it is possible for any company legally to clone

Intel's chips.

The IBM cloning effort is believed to be in its early stages, and industry analysts point out that it is not certain to lead to the release of products.

However, if IBM pursues the project it runs the risk of a legal challenge from Intel, one of its most important chip suppliers. IBM is also Intel's largest customer. This partnership has given IBM unprecedented access to Intel's technology. IBM is licensed by Intel to produce Inteldesigned microprocessors. However, the terms of the licensing arrangement restrict IBM to selling these chips only as components of PCs or circuit boards.

Mercedes to cut 14,000 more jobs next year

Bus and trucks divisions face forced redundancies

By Christopher Parkes in Frankfurt

MERCEDES-BENZ, the luxury car and commercial vehicles maker, aims to cut more than DM1hn (\$594m) from its labour costs by shedding a further 14,000 jobs in Germany next year and reducing employee benefits.

The company, which opened talks on the cuts package with workers' representatives yesterday, suggested further steps could be needed, and warned that forced redundancies in administration and the bus and trucks divisions might be unavoidable.

Company-paid benefits for the remaining workforce would in uture focus on health and sion contributions, It said in a statement. Traditional Christmas and other honuses would he linked to group performance, and other payments "out of keeping with the times" would no longer be paid.

The proposed workforce cuts follow a reduction of 14,700 in the domestic payroll in 1992 and the planned loss of a further 7,000 jobs this year.

The threat of possible redundancies, virtually unknown in German industry, suggests that traditional means of cutting jobs early retirement and natural wastage - are no longer suffi-

The proposed cuts in benefits, which follow similar savings tactics pioneered recently by Bosch, the leading motor components maker, demonstrate growing confidence that industry can attack time-honoured perks.

It is common for German paintshop workers, for example, to be

By lan Rodger in Zurich

plex turnkey projects.

Europe and Asia.

ABB Asea Brown Boveri, the

world's largest power engineer-

ing group, is restructuring its

executive board to strengthen its

competitiveness in hids for com-

The decision will also help the

group adapt to the emergence of

The hoard's membership is

being cut from 12 to eight, and

the group's six operating divi-

sions reduced to four. Three

directors will have regional

responsibilities for the Americas,

Mr Percy Barnevik, the ABB

chief executive, said that large

plant projects account for about a

quarter of the group's \$32hn

annual turnover, and the growth

large regional trading blocks.

granted extra paid leave to take annual "cures" in spa towns. even though working conditions and health protection bave improved dramatically since such schemes were introduced. In common with other German vehicle makers, Mercedes has discovered that medium-term savings plans put forward last year are insufficient to counter the impact of the motor industry

Springtime forecasts that the German market would shrink by 20 per cent and overall European sales by 10 per cent have been

proved over-optimistic. While total car sales in western Europe fell 18 per cent in the first seven months of this year - du partly to a 25 per cent drop in Germany - deliveries of Mercedes models tumbled by more than 27

According to VDA figures. first-half production of light trucks in Germany factories fell 34 per cent, while output of other commercial vehicles dropped 36 per cent. Mr Achim Diekmann, director of Germany's VDA automotive industry association, said recently that 100,000 jobs would have to go by the middle of 1995.

Volkswagen, Europe's leading volume carmaker, which is struggling to return to profit, is currently negotiating 3,000 further joh cuts in its domestic factories.

Yesterday's news from Mercedes, the main source of profits for its parent Daimler-Benz, suggests the group management is struggling to meet its target of a DM1bn profit this year.

ABB restructures board to

strengthen competitiveness

Nissan warning, Page 6

The creation of regional directors reflected the emergence of

increasing trade within the

important blocks and less trading

hetween them. Mr Barnevik

found the trend regrettable, but

said "if you want to be a global

player, you have to have a major

Mr Alexis Fries, the new

regional director for Asia, will be

based in Hong Kong, Mr Gerhard

Schulmeyer, the director for the

Americas, in Stamford, Connecti-

cut, and Mr Eberhard von Koer-

ber, the European director, at

Until now, the group has had executive directors with responsi-

hility for Sweden, Switzerland

and Germany, where its maio plants are located. Mr Barnevik

said these directors sometimes

esence in each".



Hisham Al-Shawi (left) and Hamad Al-Jubouri tell a London press conference yesterday of the Iraqi regime's 'continuous terror campaign'

Iraqi diplomats quit and flee to UK

By Rachel Johnson in London and Mark Nichelsen in Cairo

TWO senior Iraql ambassadors yesterday inflicted a propaganda hlow against President Saddam Hussein by resigning their posts and joining the Iraqi National Coogress, the umbrella opposi-

don group. The two explained in highly critical and emotional statements that they had fled to the UK because of the "continuous terror campaign" of the Iraqi regime.

Mr Hisham Ibrahim Al-Shawi, a former ambassador to Britain and until yesterday ambassador to Canada, and Mr Hamed Alwan Al-Jubouri, until last week ambassador to Tunisia, said they wanted to live in England with their families, despite possible reprisals after their public condemnation of the Iraqi govern-

The Home Office said it had granted the two visitor's visas for a six-month stay rather than political asylum, but it would comment no further.

Mr Al-Shawi, 62, said the Iraqi regime had "no other objective but the maintenance of its tyrannical power, notwithstanding defeat, disgrace and total ruin", Mr Al-Jubouri, 61, accused the Honda profits fall, Page 14 | regime of dragging the country

He said the reorganisation was

only partially related to the

announcement last week of an

acceleration of plant closure

plans. The group is making a

\$500m provision against this

year's earnings to cover closure

of the North American Free

Trade Area had contributed to

the restructuring. It also enabled

the group to accelerate plant

and the US. The easing of trade

restrictions within Europe had

Some 15 plants would be closed

in Europe and North America in

ABB managers strip for action,

the next few months, he added.

had similar repercussions.

Mr Barnevik said the creation

Mr Al-Shawi said he had placed \$2.40,700 of the Ottawa Embassy's. into two destructive wars. "In record time, in what seemed like operational expenses that a frightening nightmare, it destroyed a once strong and pros-"rightly belongs to the Iraqi peoperous country, leaving it mor-

Iraqi analysts suggested that the defections indicated a peripoeral weakening of Sad dam Hussein's regime and another sign of the harsh effects of the sustained economic embargo against Baghdad.

ally and financially bankrupt,"

According to one British offi-cial, the defections show that power, and parts of that pinnacle

ness".

"Saddam is on a pinnacle of are starting to erode - but so far it's only an indication of weakple" in a secure trust until after the downfall of the dictator. Both diplomats refused to be

drawn on the two issues that most concern Middle East analysts – Saddam's rearmament programme in defiance of United Nations sanctions after the Gulf war and the strength of anti-Saddam opposition within Iraq.

They refused to say whether they had agreed to be interrogated hy M16 or whether other senior members of Saddam's regime would follow them into the opposition.

Most analysts regard the pair,

though distinguished and long-serving, as already out of Bagh-dad's inner circle. Neither had been to Iraq for several years and would not have been privy to the inner workings of the regime nor sensitive military information.

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Their actions underlined disaffection within what remained of the diplomatic corps given severe cuts in pay and perks for overseas officers as a consequence of Iraq's shortage of hard currency.
But the defections will be

regarded as a significant coup by the INC, the chief umbrella opposition group, which was created last year to unite the main Kurdish and exiled Shia opposition groups and to oust Saddam.



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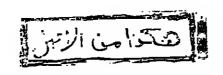
to a deposit account. The Fidelity

potential was considerable. defended parochial interests. FT World Actuanes.

Leader Page ... Gold Markets 20

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THE chief economists st Germany's 12 biggest banks all expect the Bundesbank to cut its leading lending rate this week, even though conditions have failed to improve since the central bank's last meeting at the end of July.

Nine of the dozen questioned in a poll, which closed last Friday, said they expected a reduction of half a percentage point in the key discount rate, currently at 6.75 per cent. However, inflation is still

stuck above 4 per cent, according to the latest indications, white money supply growth seems likely to remain well above the central bank's target

range for some months yet. The cost-of-living index in Baden-Württemherg edged up 0.1 per cent in the month to mid-August, state officials reported yesterday, bringing the year-on-year increase to 4.3 per cent, compared with 4.2 per cent in July.

New money supply figures are not expected this week, hut the effects of heavy buying of weak currencies in the European exchange rate mechanism - before the widening of fluctuation bands three weeks ago - are expected to drive the annualised growth rate in the M3 measure above July's 7.5

The bank's target range for

Telekom urges

By Leyla Boulton in Moscow

this year allows for growth

between 4.5 per cent and 6.5

Mr Hans Tietmeyer, Bundes-

bank president-elect, dropped

mild hints last weekend when

he said small rate cuts were

possible provided the trend in

the money stock permitted them and inflation declined

Ohservers suggested the

bank could justify a drop in

the discount rate tomorrow if it filtered out the distorting

effects of money market inter-ventions on M3. The policy

council has also recently

shown itself to be more inter-

ested in short-term inflation

trends than in the conven-

According to informal analy-

ses, the annualised rate for the

past three months could be as

low as 3 per cent in August

compared with 3.4 per cent in

However, non-German econo-

mists suggested a rate cut this

week was unlikely because

fundamental conditions had

not changed in the past month,

and that international pressure

had eased greatly since the widening of ERM fluctuation

ment yesterday of a fixed-rate

offering of securities repur-

chase agreements at an

unchanged 6.80 per cent gave no clues to its intentions for Thursday, analysts said.

tional figures.

slightly in the near future.

RUSSIA said yesterday it had been "too kind" towards Lithnanis in agreeing a troop withdrawal timetable before signing a formal treaty on the pull-ont.

Mr Vitaly Churkin, deputy foreign minister, said Russia had decided not to meet an August 31 deadline for completing the troop withdrawal after Lithnania turned up at weekend negotiations, which had been expected to conclude

that Russia make amends for five decades of Soviet rule.

"We have shown perhaps excessive kindness to Lithuania for which we are perhans now having to pay," he said. Some western diplomats suggested that in demanding the new concessions, Lithuania wanted to exploit a US congressional amendment tying a speedy Russian military withdrawal from the Balties to IIS aid to Russia.

Although Mr Churkin did

clearly anxious to avoid being put in a position of appearing to be under US pressure. Nor does it want to apologise for Lithuania's amnexation by the Soviet Union, saying Russia was also a victim of the Soviet system of which it was the

The original formal treaty stipulated that Russia would compensate Lithuania only for material damage caused in the course of the withdrawal and possibly also for damage

not mention this, Russia is incurred after January 1992, when Russia declared itself the successor state to the Soviet Union.

It was also to transfer some former Soviet army equipment to Lithuania's newly-formed defence forces. Mr Churkin said that the

hershness of a statement telling Lithuania that Moscow would now pull out at a time convenient to itself was signed to discourage neighbouring Latvia and Estonia from also demanding compensafd he believed the new demands were part of a "domestic political struggle". He pointed to the fact that the Lithuanian delegation was

the republic's former leader, Mr Vytantas Landsbergis. The aim, he said, was to present the more moderate. pro-Russian government of newly-elected President Algirdas Brazauskas as incapable of

tradition of neutrality has left

it refusing to co-operate with UN investigators seeking evi-

The ICRC insists that collab-

orating with a Bosnian war-

traditional reputation of neu-trality - a problem that Mr Christian Kornevall, head of

communications at the KCRC

sums up as a dilemma of

In the wake of accusation

earlier this year that the KCRC-had been slow to reveal the existence of detention camps in Bosnia, Mr Kornevall admitted

that there was now a growin

debate within the KRC about

whether to act or speak.

dence of war crimes.

to kidnap magnate dominated by officials close to the radical opposition led by By Hugh Garnegy in Stockholm

SWEDISH police sald yesterday they had arrested three Russians and a Swede, armed with pistols and a hand grenade, on suspicion of planning to kidnap Mr Peter Wallemberg, senior member of the powerful Wallenberg industrial

Swedes

foil plan

Police said the men were saized outside the gates of Mr Wallenberg's mansion on the forested island of Varmdo, near Stockholm, on Monday evening after they had been spotted gathered around the entrance

Officials said they believed the men intended kidnapping Mr Wallenberg, 67, to hold him for ransom. They did not get close to the industrialist. Highprofile Swedes, previously relaxed about personal secu-rity, have tightened precautions since the assassination by a still unknown gunman in 1986 of former prime minister Olaf Palme.

The authorities have expressed concern recently over the threat of a spill-over of crime from the former

Soviet Union, particularly Rus-sian mafia ganga.

Mr Wallenberg heads a fam-ily which founded much of den's industrial base and holds targe shareholdings in leading companies such as Ericsson, the telecommunica tions group, Astra, the pharms-centical giant, Store, Europe's

eathcal giant, Stora, Europe's highest forestry products company, and Saab-Scania, the wencle and aircraft maker.
He is a relative of the wartime diplomatic hero, Racul Wallenberg, who died in prison in Moscow in 1947, He disappeared after Soviet troops entered Budspest in January 1945 after being entrusted with a special mission to save as many Jewish lives as possible.

claims attack for its apparent delays in providing evidence. However, the Foreign Office yesterday denied that Britain anger

was reluctant to co-operate fully and said the delays had been due to its haistence that all material should be thoroughly verified.

conference has been called to process. Apert from the Nuremberg trials, which were really a very different thing, there has never been a case like this before," a spokesman

Hague court to hear Bosnia genocide claim

THE International Court of Justice in the Hague will consider today Bosnian accusa-tions that Serbs have been carrying out a campaign of territorial expansion through "ethnic cleansing" and genocide

A similar application by the Bosnians four months ago resulted in a court order to

stop the genocide. Legal officials in The Hague say a decision on the case is unlikely for several days, not least because the court will simultaneously be considering similar accusations from Serbia of genocide carried out

The International Court of Justice, which is made up of 15 permanent judges, plus a fur-ther two nominated by the parties involved, does not have any powers to enforce its orders, although its decisions have traditionally carried some diplomatic weight,

However, though few expect the court's ruling to have much effect on the forces on the ground, the hearing is likely to fuel a wider diplomatic debate about attempts to bring legal retribution to bear in Bosnia.

Next month the United Nations general assembly is expected to name 11 judges who will sit on the UN war crimes tribunal on former

Yugoslavia. Meanwhile, in a separate move, the International Red Cross (ICRC) has called a conference in Geneva on August 30 to discuss the treatment of

raise awareness of the Geneva conventions, with participants

their policy towards the media a development which appears to have contributed to the decision to call the conference later this month. With other European govern

ments increasingly reductant to dwell too much on the issue - particularly when the west is pressing for adoption of a peace plan - there are fears at the UN war crimes council formed seven months ago to collect information, that attempts to build a case could ultimately be undermined by a reluctance to submit evidence. **Crime**

Although the US has stready submitted extensive material on war crimes in Bosnia to the UN, Britain has come under

Br Patrick Blom in Prague

Czechs

A CZECH police chief, yesterday denied his country had become "a breeding. ground for organised crime and said it faced the same problems as other European countries in fighting drugs trafficking, the illegal arms

trade, and other crime.
Mr Josef Doucha, deputy director of the Czech central criminal police, angrily rejected press reports

suggesting Prague had become a centre for international criminal groups after the collapse of communism. There had been no "sudden eruption of crime". though the Czech capital's geographical position put it in the middle of new east-west crime routes, he told CTK, the Czech

news agency.
Drug smuggling had grown because the Balkan drug route from Afghanistan and Pakistan through Turkey and the Baikans and into western Europe had been disrupted by war in the former Yugoslavia. As a result the Czech Republic had become a transit route for

drugs.
The illegal arms trade was also worrying. The Czech Republic produced good weapons and there were large quantities of old Semtex explosive -manufactured before last year's requirement that it be made easily detectable - in circulation. But Czech police lacked resources and axperi-ence in fighting organised

more MPs to support sell-off

By Arlane Genillard in Bonn

George State of the state of th

Scotling 1911 of the second se

MR HELMUT RICKE, the chairman of Deutsche Telekom, Germany's state-owned telecommunications group, yesterday pleaded for urgent political support for early privatisation of the company.

There is not much time left... [before] the emergence of fully liberalised markets and ever stiffer competition," Mr ke said, referring to European Commission's declsion to liberalise basic voice telephony markets in Europe

Mr Ricke told a news conference that Deutsche Telekom faced an uphill struggle trying to increase its competitiveness because of ils status as a public company.

It is legally required to transfer the hulk of its profits to the state hudget each year and to cover the ever-growing deficits of the German post and postal

"We have made enormous progress toward increasing our competitiveness," he said. "However, we are not able, on our own, to implement all the measures that have now become urgently required . . . It is therefore imperative that public policy lead to a joint-stock corporation which can trade its shares on the stock market."

MPs will debate this autumn a controversial privatisation bill which emerged after two years of wrangling between Germany's political parties. The hill has won the support of

the leadership of the opposi tion Social Democrats (SPD). But it still needs backing from ordinary SPD MPs.

If adopted, the bill would allow Deutsche Telekom to sell a first tranche of shares on the stock exchange by 1996 or 1997. It would would also be able to keep its profits.

Mr Ricke said the first

tranche of shares would

Telekom could not continue to subsidise the federal postal system when it had to rebuild the telecom infrastructure in eastern Germany

amount to DM15hn (£5.8hn). He also warned that Deutsche Telekom could not continue to subsidise the postal system at the same time as rehuilding the telecommunications infrastructure in eastern Germany and preparing for increased

competition. Revenues for 1993 are expected to reach DM58hn from DM54hn in 1992. Last year the company had to transfer DM6.5hn of its DM7bn profit to the federal and postal hudgets. "The political decision-making bodies must ensure that our enterprise can continue at an sccelerated pace on the course it is steering with a view to 1998," Mr Ricke said. "We are now dependent on new conditions being established so that we will be abte to operate with the greatest

Croats urged to let in aid

GERMANY and France sought yesterday to demonstrate a common approach to the war in former Yugoslavia, issuing a joint appeal to Mr Franjo Tudj -: man, the president of Croatia, to enable emergency relief to get through to Bosnian Mosems in Mostar, Onr Foreign Staff reports.

Foreign ministers Mr Klaus (inkel of Germany and Mr ing after a day of talks in Dresden, said they would also urge Mr Tudiman to ensure that Croat forces held back in the Krajina region of Bosnia.

JOHN WALKER, who was the

Financial Times correspondent

in Stockholm from 1963 to

1974 and continued to contrib-

ute to the paper for another

eight years, died in Stockholm

He had three great enthusi-

asms in life: the Financial

Times, vintage cars, about

which he was an expert, and

fishing. In London, where he

was a freelance journalist and

worked in public relations

on August 11, aged 72.

OBITUARY: JOHN WALKER

facilitated by the Croat side." Mr Juppé said. He said the two countries

would approach Mr Tudiman through diplomatic channels, adding: "I think a joint demarche hy France and Germany could have influence." Mr Kinkel said the two countries, whose approaches to diverged becau troops there while Germany's ing of possible air atrikes laws bar it from sending soldiers, would co-ordinate their policies more closely.

Both countries supported the efforts of the United Nations to Gatt pledge, Page 4

FT's pioneer in Sweden

He joined the paper at a

time when its foreign coverage

was expanding rapidly and he

pioneered the development of

the extensive coverage of

Swedish - and Nordic - bust-

ness on which his successors

He used to say that it was

his love of fishing which led to

his joh with the FT. It was an

enthusiasm he shared with the

editor of the paper at the time,

Sir Gordon Newton, who

recruited him. Sweden, with

before joining the FT, he was its many fast-flowing rivers. He has a son, Peter, by his the prond owner of a vintage and the Stockholm archipelago first marriage.

in Stockholm have built.

Bentley, which, however, did at his doorstep, was an ideal not follow him to Stockholm. posting for him.

nia and urged the three warring parties to co-operate with UN officials.

Washington has also continued to raise the tone of its warnings to the Croats. Last week the State Department said economic sanctions against Croatia were under consideration, but not military former Yugoslavia have action. This week, however, US issued by Nato applied not only to the Serbs but also to other groups preventing the delivery of humanitarian relief.

He was forced into partial

retirement in 1974 hy the

onset of Parkinson's disease

hnt he continued to work

part-time and to file to the

Sandgate, Kent, on November 11, 1920, went to school in

Dover and served as an officer

in the Royal Air Force during

He was nursed through his

long illness by his Swedish

wife, Ann, who survives him.

the second world war.

John Walker was born in

paper until 1982.

expected from more than 100 But ironically, the ICRC's said.

The poll, which surveyed

47.1 per cent of those quesone week.

1,000 Norwegians, put support of membership at 28.3 per cent, a decline of 1.2 percentage points, while 24.6 per cent were undecided.

September 13 elections. The electorate narrowly rejected joining the EC in 1972, but Brussels and Oslo began fresh negotiations last April and a new Norwegian referendum

the pro-EC Conservative party down 2.9 percentage points to 20.3 per cent. The ruling Labour party, whose minority government applied for EC membership, advanced 12 per-centage points to 32.8 per cent.

The land issue that divides a united Germany

Judy Dempsey on those who are challenging the 1990 unification treaty's rule that they cannot get their property back

LL OVER the world states that "expropriations on there are families who the basis of Occupation Law can recount stories of how one son was favoured over another; how siblings refused to talk to each other after a parent's will carved up prop-erty; or how one chitd got nothing. in the re-united German fam-

ily, a growing controversy over whether property should he returned to its former owners is generating its own legends. When Soviet forces occupied

eastern Germany in 1945, about 14,000 families farming 13,000 sq miles were ordered to leave their properties within 48 hours. Some were imprisoned on the island labour camp of Rügen, in the Baltic Sea. Others had to keep a 20-mile distance from their properties. Most fled to western Germany, and were compensated in the

Three years ago the unifica-tion treaty created one nation out of the two Germanys. On

[when the Soviets occupied eastern Germany between 1945-1949] are irreversible". This means that former prop-

erty owners during this period cannot get their tand hack - unlike those who can seek restitution or compensation for property confiscated hetween 1935 and 1945, and hetween 1949 and 1990. Through the federal constitutionat court, several former

landowners challenged the unification treaty's restrictive clauses on 1945-1949 on the basis that property was not being treated equally before the law. But the court uphetd the treaty on the grounds that the Soviet Union and the former German Democratic Republic had made the ban on restitution a precoudition for

"This is absolute nonsense." said one constitutional lawyer. "Those who are seeking to have their property returned to [Lothar] de Maiziere [the last them can prove that no such prime minister of East Ger-

Nearly one in four claims on property and 1990, total 1.21m, and involve 2.63m titles confiscated by the Nazis, or the Communist to property ranging from large enterprises to regime in eastern Germany, have been resolved since late 1990, writes Judy Dempsey in Berlin. However, officials from the federal office responsible for the cases yesterday said It woold take a decade before all ontstanding claims were settled.

The claims, which relate to property confiscated between 1933 and 1945, and between 1949

Lawyers claim that documents recently obtained from Moscow show that the Soviet government never specifically made unification contingent on the 1945-49 land issue. They say the word of the

then West German government is the only evidence to support this view. "On the one hand, passing the buck to the Soviet Union was a convenient attempt by

the Bonn government to avoid

paying compensation to former

landowners. On the other,

were also settled. precondition existed." he manyl, was able to prevent not have been nationalised or "the Junkers", or landed gentry, from coming back," the lawyer said.

The ruling by the constitutional court, however, has not discouraged an unlikely cross section of individuals and institutions from challenging Bonn's interpretation of the treaty. They include the Dutch government, Daimler-Benz, the Duke of Saxooy-Anhalt and a German lawyer. Each claim a legal right to restitution or substantial compensation. The Dutch government,

which is acting on behalf of

three families, is arguing that

land owned by foreigners could

expropriated by the Soviet authorities during this time. "Under the Allied Control Council, property owned by foreigners could not be sold or

small businesses, land and houses. Their uncer-

tain status is seen by economists as hindering

per cent of the claims on 130,000 enterprises, including agricultural land, were resolved,

while 24 per cent of the remaining 2.52m titles

From late 1990 until the end of June 1993, 28

investment in the region.

expropriated or property rights transferred," said a Dutch diplomat. For years, Dutch government tried unsuccessfully to negotiate with the former East German regime the return of this land to its original owners.

behalf of our shareholders."

Dutch diplomats thought the matter would be quickly resolved after unification. But after two "verbal notes" to the foreign ministry in Bonn, the Dutch government has still

been unable to get the property

Bonn says we have to be patient. It has to work out the legal aspects," s Dutch diplomat said. "We said OK. But a solution which does not return the property, or grant compensation, is unacceptable to us," he added.

Daimler-Benz, Germany's largest industrial holding, had huge investments and property in the former East Germany. It is now arguing that it has a right to reclaim this property. "We will claim about 14m sq yards of land throughout eastern Germany," the company said. "We are doing it on

The Prince of Saxony-Anhalt, who is the great great grand nephew of Catherine the Great, is also trying to reclaim his property of more than 24,700

And Mr Albrecht Wendenburg, a lawyer who has no aristocratic, industrial, or diplomatic connections, is also trying to reclaim his small

holdings in eastern Germany. "People have this view that those whose property was expropriated between 1945-1949, were either raving Nazis, or else they want the property back so that they can kick out the present owners," said Mr Wendenburg

We are trying to establish the principle of justice and truth that property should be treated equally before the law, and that it was Bonn, not the Soviet Union, which chose to ban eny restitution, he added Constitutional lawyers helieve that Bonn may be

forced to make concessions.
"This problem will not go away. The behef that it was the two German governments. and not the Soviet Union. which decided on this ban on restitution is gaining momen-tum. Until this matter is settied once and for all, property rights in eastern Germany will never he satisfactorily resolved, and investors will always be cautious," a lawyer

Fewer Norwegians want to join EC

By Karen Fossii in Oslo

NORWEGIAN opposition to European Community membership has risen in the run-up to next month's parliamentary elections, a Gallup poll published yesterday shows. Some tioned oppose membership, a rise of 1.8 percentage points in

Norwegian memhership in

could be held in 1995. The poll, in the Conservative newspaper Aftenposten one week after the campaign started, showed popularity of

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Alexander Nicoll on the World Bank's path to cooling the economy

HINA'S economy is, in the World Bank's terminology, "half-reformed". Its excesses have to he curbed by a delicate mix of telling people what to dn - as in the old days of central planning - and indirect measures which rely more on the work-ing of market forces.

Given the complexity of the task, it was not without reason that Mr Zhu Rongji, senior vice premier in charge of the econ-omy, turned in June to tha World Bank for advice on how to deal with the extraordinary boom which had resulted from the most recent round of market-oriented reforms.

China has long respected the bank's advice. Mr Zhu's direct request to a team of visiting economists for assistance on dealing with an overheated economy indicated its continuing influence with the Beijing

Before taking action to slow growth, however, he wanted to be sure that the economy was indeed nverheating. The response from the World Bank was unequivocal. According to its annual study completed in June, massive growth in fixed investment was pushing up prices of raw materials at a rate of nearly 40 per cent. Real estata and securities prices were rising sharply, and excess demand was creating bottlenecks in transport and electric-

"It is clear that the economy is now overheating, and that growth at current rates is not sustainable," the bank said. However, it believed swift action could prevent a "hard. landing" and could maintain economic growth of 8 to 9 per cent - still fast, but below the heady 13 per cent pace of 1992. For three days in June, a

team of its economists -accompanied by a few foreign economists from outside the bank - conferred with Chinese officials at Dalian in north-east China on exactly what actions should be taken to cool the economy while maintaining the pace of reform.

A central theme underlying their recommendations was for the government to seize control of the financial system and of macroeconomic management, while not choking off the development of market mecha-At the heart of China's prob-

lems, in their view, was the inability of the central bank, the People's Bank of China, to exert monetary control. There was little discipline over banks' lending (none at ail over non-bank financial institutions), little use of interest rates as a monetary instrument and little attention paid to flows of foreign exchange. The Peopla's Bank was itself increasingly engaged in commercial activities.

A large proportion of the reforms suggested by the team centred around the issue of financial control.

The People's Bank, they said. should be radically re-structured "to turn it into a real central bank". It should abandon all activities, such as ownership of securities companies and mutual funds, which were not the function of a central

Japan yesterday announced that it had agreed to lend a total of Y138.7bn (\$1.3bn) to China, in the year to next March, to promote its reforms and open-door policies, Reuter

reports from Tokyo. The loan is part of Japan'a third package of yeu-based loans to China, worth a total of Y810hn.

The new loan will be used for 18 projects, including five new projects. It has a 30-year term, with a 10-year grace period and a 2.6 per cent annual interest rate. The loan is not linked to contracts with Japanese companies.

Three weeks after the conference at Dalian, Mr Zhu installed himself as governor of the People's Bank and began the recommended change

On monetary policy itself. the foreign advisers suggested an increase of at least 3 to 5 percentage points in the oneyear deposit rate and an even greater increase in lending

Other interest rates should also rise with the aim of pushing all above the inflation rate, which had risen to around 14 per cent by the end of the first half. Tha previous increase in rates, on May 15, was judged insufficient and harmful to the hanking aystem hecause deposit rates were raised by more than lending rates.

On July 11, one-year deposit rates were increased from 9.18 to 10.98 per cent, and the lending rate from 9.36 to 10.98 per cent. Three-year government bond coupons went up from 12.52 to 13.96 per cent. Thus, longer-term rates have become positive relative to inflation. though not yet short-term

The economists suggested that rate increases he accompanied by a rigorous tightening of bank supervision, including a reduction of liquidity through increased reserve requirements. Credit ceilings should be enforced and applied to all lending institutions, they

They recommended an acceleration of moves towards a unified exchange rate. The anthoritles have since intervened in the swap market to bolster the yuan, encouraging those who had been hoarding foreign currencies in expectation of further weakness of the yuan to huy the Chinese cur-

The gap between the official and swap market rates has therefore narrowed.

While the measures detailed so far essentially relied upoo a market response which would have the effect of slowing economic growth - such as reduced and more judicious hank lending - some direct action was also called for.

The effect of official exhortations to faster growth had been encourage local governments all over the country to pour money into property and industrial schemes. They would give preferential tax treatment to such projects by designating the construction

Financed by easy lending. these schemes contributed enormously to the ecocomic

boom, commanding huge volumes of raw materials and pushing up their prices. They also caused a loss of tax reve nue, worsening an already large budget deficit.

This was a sensitive political issue because it involved some control which had been allowed to devolve to local

The economists at Dalian said they "recognise that there will be resistance to enforcing planning commission controls over investment at the local level". But their carefully worded conclusion was that "a key task for the central government at the present time is to achieve consensus on the need for a reduced investment rate". The government has since

closed many development zones and cracked down on wasteful or corrupt local plans. These changes represent only a small part of the World

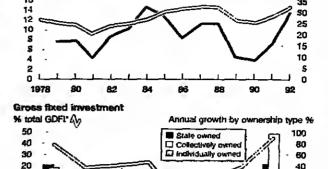
Bank's overall blueprint for Chinese economic reform. Further deregulation of prices and trade as well as re-structuring of the tax system, incomes policy, and state-owned enterprises are all recommended. The economic boom, how

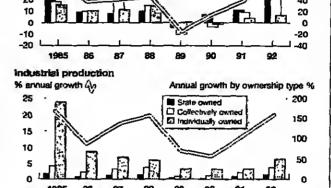
ever, has focused the urgent attention of both China and its advisers on the financial system, an area which had so far virtually escaped reform. Underlining its importance.

the World Bank is to hold further workshops with Chinese officials oext mooth on reforming the People's Bank and on re-structuring hanks so that they are no longer involved in "policy lending" - state-di-

China's economic boom







rected lending for the purpose of subsidising state enterprises, or the financing of costly long-term development

Although massive hurdles both economic and political -China's economic manag-World Bank economists

believe the steps taken so far to deal with overheating are in the right direction, and they expect more. The extent to which the desired solutions depend on the market's response, however, shows how far economic reform in China

Japanese recovery 'hangs in balance'

By Gordon Cramb in Tokyo

THE BANK of Japan remained equivocal on the state of the domestic economy yesterday, proclaiming in its latest monthly review that "Japan's recession seems to be coming to an end", but adding that

sight. The central hank's assessment was echoed by the economic planning agency, which said its index of current eco-nomic conditions was negative in June for the second successive month. A revival hung in the balance, it added.

After positive scores on its so-called coincident diffusion index for the three months to April, the EPA in mid-year announced that the economy had bottomed out.

Officials have attempted to cling to this forecast and brush off fears of a double-dip, while acknowledging that conditions are not

improving.

The index reading stayed at 10.0 in June, the same level as in May and down from 65.0 in April. The index of leading indicators was 36.4, its fourth month of decline.

According to the Ministry of International Trade and Industry, industrial production in the three months to June was down 1.5 per cent from the first quarter, hit by a fall in output of consumer durables.

The Bank of Japan said its assessment of latest available data showed personal speoding still weak as a result of a fall in wage-earners' bonuses and a poor summer. Fixed investment by manufacturers continued to decline desplte de-stocking which had "virtually run its course".

it described export demand as firm, particularly from South-East Asia, but said imports remained stagnant except for foods, textiles and

The bank intervened in currency markets again yesterday to prop up the dollar against the yen, the recent rise of which has been hurting export profitability. The yen closed in Tokyo down Y0.62 at Y103.97.

Paris upbeat over **Algiers PM**

FRENCH Foreign Minister Alain Juppe yesterday sald Algeria's new Prime Minister Redha Malek was in favour of rescheduling his country's foreign deht, and could lead the troubled North African state to crucial economic reform. Renter reports from Paris.

Mr Malek "was prepared to study rescheduling Algeria's debt - something his dismissed predecessor firmly opposed. This would allow Algeria to win international credits and modernise its economy," Mr Juppé said in a radio inter-

He said France was well disposed towards the new premier, a former foreign minister and ambassador to Paris, who he described as a modernist determined to relorm the economy and fight Islamic funda-

"Algeria needs more economic reform and more political dialogue with democratic forces. We are prepared to help," Mr Juppé said.

Mr Malek was appointed at the weekend to replace Mr Belaid Abdesselam whose austerity policies over the past year have been denounced as a failure hy political parties, trade unions and business lead-

Some experts predict that on present trends Algeria will be unable to service its estimated \$26bn foreign debt by mid-1994. Economic reform to create

johs for the fast-growing population is seen as the key to success against Islamic fundamentalists, who would have won a parliameotary election in January 1992 if the authorities had not halted the Before Mr Belaid's dismissal.

Mr Juppe had bluntly urged and democratic reform to put an end to a social crisis which he called very worrying. He yesterday said in Paris be

was determined to help restore stability in Algeria and would keep firm control over funda-The government has made it quite clear that there would

he no complacency towards retigious extremism whose ideas are not ours and are even hostile to us," he said.

Paris has hanned two maga-zines published in France by groups supporting Algeria's clandestine Islamic Salvation

* Hongkong Bank China and Vietnam tightens lending more than 20 per cent during

1993, and there has been a sig-

nificant increase in the level of

sales. This has been boosted by

an enormous influx of capital

from mainland China, where

investors have been looking for

a hedge against the weakening

According to the Hong Kong government's monetary authority, total outstanding

mortgage lending increased by

2.2 per cent during July, com-

pared with an average of 1.1

per cent for the previous year.

during August.

statistics.

new policy.

expects a further increase

The anthority's deputy chief

executive, Mr David Carse, yes-

terday encouraged the colony's

banks to review lending crite-

ria, in the light of the latest

. Since mortgage lending is

arguably the most profitable

part of their loan portfolios,

the banks will be anxious to

see the property market stabi-

lise rather than actually fall.

Hongkong Bank said it would

take a flexible approach to the

By Simon Davies in Hong Koog

A 18.

HONGKONG and Shanghai Bank and its subsidiary Hang Seng Bank have tightened their mortgage lending policy, following the release of government figures showing the fastest monthly growth in mortgage loans since late 1991.

However, the moves have been seen as largely cosmetic, and unlikely to hold back a property market which withstood the introduction of a 70 per cent centug on mort lending for new properties in

The two HSBC group companics yesterday announced guldelines primarily aimed at curhing property speculation. These included an increased penalty for mortgage repayment within 12 menths of a property purchase, and an end to loans against properties more than six months before they are ready

Luxury property prices are estimated to have risen by

open talks

By Tony Walker in Beijing

CHINA and Vietnam yesterday sought to open a new chapter in their vexed relations, with their first high-level talks on long-running territorial disputes, including a row over oil drilling rights in the Tonkin

Mr Tang Jiaxuan, China's vice foreign minister, talked of a "new situation" in relations between the once close allies, and said that Beijing would participate in the nego with positive, practical and constructive attitudes".

Western officials in Beijing say that while it was important that the neighbours should have resumed discussions in an apparently cordial atmnsphere, significant harriers remained to an early resolution of disputes over territory both in the Tonkin Gulf, and in the South China Sea where the two sides are locked in disagreement over ownership of the Spratly Islands. Mr Vn Khoan, Vietnam's



vice foreign minister, said st a welcoming ceremony at Chi-during a visit to Hanoi last na's state guest house that the two sides had come together

to "help resolve various problems left over from history". Agreement on this new recent past.

round of talks was reached December by China's Premier Li Peng. That visit was aimed at establishing a new basis of trust and understanding after the mutual antagonism of the

China, angered by Hanol's launched a hrief border war against Vietnam in 1979 which It described at the time as a "counter attack in self

Chinese forces received a ferences.

"bloody nose" at the hands of It was not until 1991 that

relations were normalised again, but lingering mistrust delayed the resumption of seri-

New draft of S African constitution

By Patti Waldanek

THE latest draft of South Africa's post-apartheid constitution, published yesterday, provides details for the first time of how executive power will be shared in the first government, proposing an effecas the budget and national

The issue of power sharing within the first post-apartheid cabinet has been the subject of months of hilateral negotiations between the African National Congress and government. Yesterday's draft constitution effectively proposes that Mr Nelson Mandela, president of the ANC, should be South Africa's president and Mr F.W. de Klerk, tha current president, the vice or deputy presi-

It stipulates that decisions within the cabinet should be taken by a special majority yet to be set - and that in matters of budget, finance and national security, both the president and vice-president would have to agree. This woold give the ruling National party, whose support is expec-ted in be nverwhelmingly white, an effective veto in these matters.

The draft proposes that par-ties gain cahinet representation in proportion to their share of the vote in elections to parliament. It is understood Mr de Klerk opposes the idea of a deputy presidency, insisting on a more equal relationship between the leader of the majority party and others within the coalcion.



A supporter of Togolese President Gnassinghe Eyadema wears an Eyadema cap and holds a poster of him during a rally in

Lome vesterday.

The main opposition alliance – COD 2 – has called for a boycott of today's elections that Mr Eyadema seems determined to hold despite the withdrawal of his two chief opponents. COD 2 said that many irregularities had marred the preparations for the

Babangida's ambiguous gift Leslie Crawford and Paul Adams on a Nigerian farewell

hut possibly for the hut possing to last, General Ibrahim Bahangida yesterday demonstrated his capacity both to surprise Nigerians and keep

Three days hefore he is scheduled to step down from. power, Nigeria's military lesder authorised the introduction of a two-tier price system for petrol that will have the effect of raising the price ten-

Is the move designed to trigger protests which might turn to violence and provide a pretext for an extension of the general's strong-arm rule? Or is it his farewell gift to the new government, due to be sworn in tomorrow, tackling an Issue a civilian government

might prefer to avoid? Whatever his motive, the general has belatedly fulfilled an acid test of any attempt to put Nigeria's lapsed economic reform programme hack on track. Few issues are so central to recovery as the need to end the massive subsidy of fuel that saw smuggling to neighbouring states thrive and left many parts of Nigerla short of petrol - at the official rate, that

Under the new system, fuel at the old price of N0.70 a litre (28 US cents) will still be available, but in the coming weeks the number of outlets will be cut and queues will get longer More and more drivers will choose to pay a higher price -N7.50 - for a premium grade petrol rather than queue, so the theory goes.
And in centres where smug-

motorists are already paying a

black market price equivalent north and south Nigeria, adding supply problems to the other woes of Nigerian industo the new rate.

Petrol in a country which produces 1.8m barrels of oil a day is not the only commodity in short supply. Banks have been unable to meet a sudden run on deposits because of a shortage of physical hank notes. Cheques are not being honoured. The Ceotral Bank of Nigeria has rejected calls to print more notes.

More disruption is expected as pro-democracy groups have

called three days of protest from today. The Nigeria Lahour Congress, which groups 41 industrial trade unions, has called its members out on strike if Gen Bahangida does not bow out on Friday.

'In the past three weeks this country has ground to a halt because there is no government'

"We have to try to control inflation," a central hank in the absence of reliable

data. Nigerian husinessmen believe inflation is running at an annual rate of between 70 and 100 per cent, compared with 46 per cent at the end of

"In the last three weeks this country has ground to a halt because there is just no government," says the managing director of a hig industrial group. No one wants to hold stock, manufacturing output has dwindled and people want their money in cash kept under the mattress. Everyone is just waiting to see what will hap-pen on August 27."

Managers have put investment decisions on hold. They say planning meetings are about how to survive through the week. Any business fore-casting is impossible. Fears for safety have stopped truck drivers making journeys between

More serious is the threst of Nupeng, the oil workers' union, to do the same. Gen Bahangida has deployed the army to guard Nigeria's oil "The soldiers have taken

arms and ammunition into refinertes in cootravention of all international safety regula-tioos," says Mr Elijah Okougho, the deputy general secretary of Nupeng. "They fear we will sabotage the oil industry. But we have no guns. Our only weapon is a civil disobedience campaign to force Babangida to quit the stage."

Gen Bahangida yesterday

convened a meeting of the rul-ing military council to discuss the composition of the "interim government" which he says will succeed him on August 27. But with 48 hours to go before the handover, the general, who annulled the June presidential elections, is understood to be having difficulty convincing a Nigerian of sufficient stature

Several eminent Nigerians are believed to have declined the offer. "No self-respecting

Nigerian wants to lead a pup-pet government," says a banker in Lagos, "It will be a government of non-entities, and the economy will continue to fall to pieces." The pro-democracy movement has been fragmented and leaderless since Chief Moshood

Ahiola, the presidential candidate robbed of his victory, fled the country three weeks ago. Labour protests are unlikely to have much impact outside Lagos, although the disruption in the oil industry could be

its threatened strikes. Businessmen fear that the new interim government will lack the legitimacy and authority to solve Nigeria's economic problems. The departing transitiooal civilian administra-tion, named by Gen Babangida six months ago to put Nigeria's faltering economic reform programme back on track, has

wound up in dismal failure.

serious if Nupeng carries out

The country's budget deficit is thought to have reached N22hn (\$873m) in the first quarter of 1993 - nearing in four months its delicit target for the year. Chief Ernest Shonekan's administration also failed to reach a debt-rescheduling agreement with the Paris Club of creditor nations, who are owed \$16.5bm of Nigeria's

\$30bn foreign debt. Whatever government takes over will inherit an economic crisis; but if the price rise yes-terday is accepted by Nigerians, it will have one less

'Bidding wars' truce by governors

By George Graham in Washington

US GOVERNORS have agreed on a new policy aimed at pre-venting "bidding wars" in their efforts to attract basinesses to their states by offering tax hreaks and other

The policy will not end such competition hnt officials hnpe it will mark a truce and help states to focus on improving their general economic condi-

Governor Jim Edgar of Illinois, main author of the policy, said it "should restore some

sanity to the competition". Governors have often come under attack for spending more money and effort trying to attract new industrial plants than on maintaining sound business conditions for existing businesses that may have a much better record of creating local jobs.

The new policy statement from the National Governors' Association, agreed at a meeting in Oklahoma last week, says that the competition for plant location "should not be characterised by bow much direct assistance a state can provide to individual compa-

Instead, states should be judged on such factors as improvements in education. transport, telecommunications, general tax policies. business regulation and the quality of public services.

The announcement of a new industrial plant can trigger a finrry of offers from states anxious to win the jobs it would bring, ranging from tax bolidays to free land and infrastructure investments.

Mercedes-Benz received offers from more than 30 communities around the US wben it announced it would build a \$300m factory making four-wheel drive ntility vehicles, BMW won an estimated \$71m in land grants and other incentives from South Carolina when it decided to locate a \$410m plant in Green-

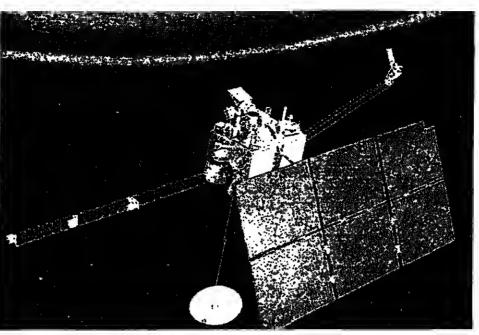
Hopes dwindle for US Mars probe Menem's drive

HOPES FOR rescuing the \$980m (£652m) Mars Observer mission from failure were dwindling yesterday as US space scientists tried vainly to re-establish radio contact with the spacecraft.

Officials at the National Aeronautics and Space Administration could do little but cross their fingers and hope that a fallback programme would prompt the Mars Observer to call in of its own accord, after their own efforts to restore communications had produced no result.

Failing that, the spacecraft seemed destined to head on uselessly into space, instead of turning into an orbit around Mars from which it could map the planet's surface and explore its atmosphere and

Nasa engineers had originally switched off the Mars Observer's radio last week as a precaution when they pressurised its fuel tanks in prepara tion for orbit. The radio has not switched back on.



SILENT SATELLITE: Nasa hopes a fallback programme will prompt it to call in of its own accord

face on things, noting that

\$980m investment had already the mission that could be been achieved through the transferred to other uses.

seems set to become the latest in a series of disasters that

reputation.
Nasa's efforts to explore deep space, from the Hubble space telescope to the Galileo mission to Jupiter, have been ham-pered by technical failures.

Its launch programme has also been plagued with prob-lems, with malfunctions causing delays to the schedule for space shuttle missions.

Other space launchers outside Nasa's aegis have fared no better, with setbacks including the explosion earlier this month of an Air Force Titan 4 rocket carrying an expensive intelligence satellite. These problems come at a

particularly critical time for Nasa, because of the intensity of debate in Congress about future funding levels for expensive programmes such as space The space station, redesigned

to meet tighter cost constraints, survived by one vote in the House of Representatives in June, but Congress members opposed to the station believe there are other opportunities to kill it.

for new term triggers row

THE ANGRY resignation of Argentina's interior minister has brought out into the open a bitter row over President Carlos Menem'a drive to amend the constitution so he can stand for a second term. Reuter reports from Buenos

Aires. Mr Gustavo Beliz, a 32-yearold lawyer sworn in just nine monthe ago as a symbol of clean government, stormed nut on Monday after accusing some of Mr Menem'a closest aides of dirty tactics to their campaign to change the consti-

Mr Beliz, who has close links to leaders of Argentina's Roman Catholic courch, said in his letter of resignation that unidentified senior officials were generating "an unacceptable state of suspicion" by the way in which they tried to further Mr Menem'a goal. The outgoing minister had

also charged in an interview published on the eve of his resignatinn that some of Mr Menem's aides were prepared to buy opposition votes in the 257-seat lower house of parliament, which must approve by a two-thirds majority any pro posal to change the constitu-

Although Mr Beliz never named any of his targets, one of his aides singled out Mr Eduardo Bauza, Mr Manem's influential chief of staff and his main political

Mr Menem, who took over from his predecessor Mr Raul Alfonsin at the height of a bout of hyperinflation in 1989, will have to step down in July 1995 if he cannot get the constitution changed. He says his team's success in

reining in inflation must be given a further lease of life W 15 17 7 7

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to restart today

REPRESENTATIVES of the US's largest coal mine operators and the United Mineworkers of America will meet in Washington today in an attempt by federal mediators to end a long-running strike that has hit about 10 per cent of US coal production.

However, both sides have called today's talks "exploratory", and neither expects a quick end to the dispute.

Mineworkers have been striking at eastern and central mines owned by members of the Bltuminous Coal Operators Association since May, when the union's contract expired. Hardest hit include Peabody Coal, subsidiary of UK-based Hanson, and Consol Energy. owned by Rheinbraun of Germany and DuPont, the US

produce high-sulphur coal, a commodity already under market pressure because of the environmenal constraints of the US Clean Air Act. The union is seeking guarantees from the coal companies that its members will be given jobs in new mines in the region.

The coal operators have proposed a complicated formula for awarding some new jobs to union workers and some to non-union labour. Union workers, the compa-

nies contend, cost more to employ. The companies are also seeking contract concessions that would give them more workforce flexibility, according to Mr Tom Hoffman, a BCOA spokesman.

The union still wants all the jobs at every single new mine that opens," said Mr Hoffman, "and we won't give them that." | Egyptian who served for 23

Coal strike talks Brazilian states in accord on federal debt

ELEVEN of Brazil's 27 states signed an accord yesterday to restart paying back up to \$20bn (£13.3bn) owed to federal government agencies, in the first concrete step towards improving the Treasury's cashflow and balancing public

Under the agreement, whose signatories include the biggest debtor states such as São Paulo, Minas Gerais, Bahia and Rio de Janeiro, the federal government has the right to suspend

they miss debt repayments. The debt is to be restructured over 20 years with 240 monthly instalments. On signing, the states made a aymbolic \$38m payment to the National Savings Bank, to which they owe \$9bn.

However, for the accord to come into effect, Congress must approve enabling legislation in a vote due next week and the Senate must decide on the level of payments for each state. The federal government wants the

states to pledge 11 per cent of receipts for debt payments. However, state governors insist that they cannot commit

more than 7 per cent. To obtain the accord the government had to give in to various demands by

It will assume much of the debt Rio stata built up over its ill-fated metro project and discount money owed to the state power distribution companies by Eletrobras, the state holding company. The final amount to be repaid to the federal government may be nearer \$11bn than the \$20bn originally hoped

Following the government victory on wage legislation the signing of the debt row.

accord is the second piece of good news in a week for Mr Fernando Henrique Cardoso, the finance minister.

However, following the familiar pattern among Brazilian politicians of giv-ing with one hand and taking away with the other, a new cheque tax, from which the government is hoping to raise \$2.4bn this year, is being threatened by legal action.

Five governors from the south of Brazil went to court yesterday to contest the constitutionality of the naw tax which is due to come into force tomor-

UN appoints a 'Mr Clean' to fight fraud

By Michael Littlejohns, UN Correspondent, in New York

THE UNITED NATIONS last night appointed a senior investigator to examine persistent charges of fraud, waste and corruption in the organisation. Mr Mohamed Aly Niazi, an

before his retirement, will fill the newly created post of assistant secretary-general for inspections and investigations. He is sald by those within the UN to be "obsessed with honesty". He is already running an inquiry into the way the UN handles multi-million

dollar bids for commercial contracts for peacekeeping and Eight officials were recently

suspended from duty following suspicions of impropriety in the award of a contract to a company that provides helicopter services for UN missions. Mrs Madeleine Albright, the

US delegate, has been pressing for appointment of a UN inspector-general with wide powers. That question is expected to be addressed by member states at the general assembly session beginning next month.

Allegations of mismanagement and lax controls over the UN's world-wide operations are

gress's failure to authorise payment of some \$786m (£527.5m) in arrears for the regular budget and peacekeeping. Mr Niazi was the personal

choice of his compatriot, Mr

Boutros Boutros Ghali, the sec-

retary general. He will head a staff of 90.

NEWS: WORLD TRADE

at Uruguay Round draft

By Nancy Dunne In Washington

US BUSINESS and labour lobbyists continue to demand far-reaching changes in the current negotiating text for completion of the Uruguay Round of world trade negotiations. They are also pressing, with December 15 as the notional deadline, for more progress on tariff reductions.

These groups see as a key weakness of the current text an emphasis on curtailing US trade laws rather than imposing disciplines on the practices which these laws are supposed to address, such as dumping, subsidies and industrial target-

The enthusiastic support of US business is vital if a final Uruguay Round package of reforms is to overcome protec-

The text was prepared in 1991 by Mr Arthur Dunkel, the former Gatt director-general, who proposed compromises from the various positions of

in the view of many US com-

ment skewed against "the world's most open large market" because it would cripple the trade laws used to protect against "unfair" practices or employed to open foreign mar-

The US Chamber of Commerce last week sent Mr John Schmidt, the US co-ordinator for multilateral trade negotiations, a detailed listing of "our perceptions of the shortcomings of the Dunkel draft". High among the complaints

was that the negotiating text "significantly benefits the interests of respondents in anti-dumping investigations and significantly prejudices domestic petitioners"

An updated report produced by the Labour/Industry Coalition for International Trade found many of the same defi-

The Chamber of Commerce also wants further tariff reductions (it mentions textiles and tariffs, and "vigorous attempts to achieve the Tokyo summit commitments to cutting peak tariffs by 50 per cent and other

tionist forces in Congress. electronics), harmonisation of panies, this produced a docutariffs at least 33 per cent".

Kinkel, Juppé in Gatt talks pledge

By Quentin Peel in Bonn

MR Klaus Kinkel, the German foreign minister, and Mr Alain Jnppė, his French counterpart, yesterday expressed their joint determination to reach a rapid settlement of the Uruguay Round of talks on world trade.

After a day of informal discussions in Dresden, the two underlined the "excellent" state of relations between their governments, in spite of the recent upheaval in the European monetary system, and their continuing differences on

Mr Juppe admitted, at a brief press conference, that problems still remained to be

trade, but he added: "The will to find a solution is stronger then ever." Mr Edouard Balladur, the French prime minis-ter, is expected to spell out to Chancellor Helmut Kohl tomorrow the latest French proposals on farm trade, which France will table in Brussels at a meeting of EC foreign and agriculture ministers on September 20.

France is the only EC member which has been unable to accept the EC-US agreement on farm trade negotisted last year. Chancellor Kohl has heen pushing for a compromise to eusble the Gatt round to be

US critics hit Taiwan aviation talks struggle to take off AEG links loans from UK banks. The Taiwanese heads the consortium of lender banks.

TALKS between British Aerospaca and Taiwanese officials to rescue a proposed joint venture have spilled over into a to improve its profitability. The RJ series of regional jet aircraft that would be built partly in Taiwan currently third day, write Daniel Green and Dennis Engbarth in Taipei.

Fourteen hours of meetings yesterday remained mired in the details of how the aircraft manufacturing venture, called Avro, will be financed. The deal is central to BAe's strategy

loses money for the company.

Taiwanese banks want to limit their exposure to the fortunes of Avro. They are seeking assurances that the assets BAe is putting into Avro - land, plant and machinery in the UK - qualify as

cahinet minister involved in the talks, Mr Chiang Ping-Kun, economic affairs minister, confessed he "did not understand" UK banking law on collateral.

Taiwanese law prevents a bank from making unsecured loans to a company in which it has more than a 3 per cent stake. This limit is exceeded by the collateral for their loans rather than state-owned Chiao Tung Bank, which

Chiao Tung Bank officials will con-tinue their talks with BAe today. Another team from Taiwan Aerospace Corporation, the joint venture partner, will address guarantees that aerospace technologies will be trans-

ferred to Taiwan and the conditions under which a new range of aircraft, the RJX, would be developed.

bows to banks and officials

become too important to be left to businessmen.

Taiwan Aerospace Corporation (TAC), the company set up two years ago by Taipei to launch one of Asia's leading manufacturing economies into the commercial aviation industry, is being elbowed aside by the country's banks and gov-ernment officials. lts president and chairman

will be replaced within weeks hy nominees from creditor banks, whether or not the protracted talks with its potential partner, British Aerospace, succeed in establishing a joint venture to build regional jet aircraft. Although TAC's chairman is taking part in the talks. the state-owned Chiao Tung Bank, which leads the banking consortium that plans to lend money to the joint venture, has taken centre stage in the talks. Mr Denny Ko, TAC's outgoing president, is not even attending this week's event though he signed the original joint venture contract with Mr John Cahill. BAe's chairman, in January. US-educated Mr Ko acknowledges that he was "perhaps naive" in believing the fine-tuning of the contract would take just three months. He says that the Taiwanese establishment tends to regard him as too pro-western to take

any further part.

But he admits the banks have some justification for Daniel Green on negotiations with BAe



The BAe regional jetliner (RJ) family that would be built partly in Taiwan under the deal

their unhappiness about the way the deal has been conducted. "There was a breakdown in communications" between TAC and the banks backing the project during the

spring," he says.
That breakdown led this week to a redrafting of a series of clauses in the original con-tract with the intention of assuaging the fears of the banking consortium members that the joint venture might lose money. Those changes being negotiated this week are Ensure that assets BAe is putting into the joint venture called Avro can be used as collateral against bank loans. Details of the loans have dominated talks this week.

· Reduce the banks' exposure to risk in the leasing of aircraft - Taiwanese banks are relatively unfamiliar with leasing. Determine the nature of a market study that could lead to the production a new model of aircraft, the RJX. Strengthen BAe's commitment to transferring design and manufacturing skills to

Taiwan - a senior government official on Monday said the

original contract was "loose" on the subject. This last point was underlinad yesterday by Taiwan's defence minister, who was

reported to have called for

more technology know-how to he transferred to Taiwan as

part of a separate military air-

French aircraft maker. The now sidelined Mr Ko can only watch Taiwan's banking and political establishment take direct control of the talks. to make Taiwan a force in civil aircraft manufacture. While BAe wants Asian manufactur-ing and markets to stem the losses in its regional aircraft operation, for Taiwan the logic of the deal is more complex and no less compelling.
The country has a well-devel-

oped military aerospace industry that grew out of its political isolation. In the wake of western countries' recognition in the early 1970s of the communist government in Beljing, Taiwan was unabla to buy advanced military aircraft from western countries.

In the 1970s it began a programme to develop its own supersonic fighter aircraft. But just as production got under way last year, France and the US decided to risk Beijing's wrath by allowing the sale of General Dynamics F-16 and Dassault Mirage 2000 fighters to Taiwan.

Taiwan's air force promptly halved its order for the indige nous fighter, leaving 200-plus local aerospace manufacturers and the design and manufac-turing arm of the defence ministry with spare capacity. What is unfortunate for BAe

is there is no shortage of west-ern sultors willing to take work-hungry Talwanese partners. The Taipei annual aero-space exhibition, which fin-lshed on Sunday, was dominated by huge pavilions of French and US companies. BAe was represented by a small stand under the name of Avro. See Lex

with UK in rail deal

ANGLO-German partners AEG and Taylor Woodrow Interna-tional have won a DM735m (£290m) contract for a light railway system in Kuala Lumpur, the Malaysian capital, writes Christopher Parkes in

Frankfurt. AEG said yesterday its share amounted to DM320m and comprised orders for the entire electrical system, signalling, telecommunications, ticket-issuing and workshop equip-ment, and 34 units of rolling

Taylor Woodrow, the construction company in charge of the project, will lay tracks and build stations for the 12km project. On completion, expected in late 1996, the system will have a maximum passenger capacity of 35,000 an hour in each direction.

The contract represents a further advance for AEG'a rail systems division, one of the fastest growing units in the Daimler-Benz subsidiary. AEG is due shortly to make its first direct investment in Chinese railways, in a joint venture to make carriages for the Shanghai metro. The company made its first move in Chinese railways in charge of an all-Ger-man consortium which set up and equipped the first stretch of the Shanghai system.

Caviar cartel

The five countries sharing the Caspian Sea agreed yesterday to set up a caviar cartel, Iran's IRNA news ageny reported. Renter reports from Nicosia.

It said fishery officials from Iran, Russia, Azerbaijan, Kaz-akhstan and Turkmenistan, meeting in the Iranian Caspian port of Bandar Anzali, agreed to co-ordinate market. ing of the luxury dalicacy

Hungary set for key decision on mobile telephones

HUNGARY will tomorrow name the winners of a tender for two concessions to operate digital mobile telecommunications systems, writes

Nicholas Denton in Budapest. The successful international consortiums are expected to pay a combined \$100m (£150m) for the right to operate networks based on the pan-European GSM standard over 15 years and to invest a further \$400m in development over the next 10 years. Hungary's is the first tender in eastcentral Europe for GSM mobile phone services and will set a precedent for Poland and the Czecb Republic. Confident of victory is a group led hy US West, the US regional operator,

and HTC, the Hungarian telecommu-

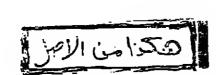
partners in Westel, the joint venture operating Hungary's analogue mobile But Deutsche Telekom is a prime telephone service.

DBFH, teaming Deutsche Bundes-

post Telekom, France Telecom and British Telecom, is also a powerful contender. With a reported \$48m hid for the rights to one concession, the west European national opernications monopoly. They are already ators topped the \$46m offered origi-

contender for the planned privatisa-tion later this year of a stake of more than 30 per cent in state-owned HTC. Deutsche Telekom's involvement in the national landline operator could conflict on competition grounds with participation in digital cellular tele-

Deutsche Telekom'a divided interest may work to the advantage of Pannon GSM, a coalition of the Danish, Swed-ish, Finnish and Dutch state telecom-munications companies. The "Nordic" munications companies. The "Nortications so that the leaders' and the tender evaluation committee rated the submission's technical quality



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Minister refuses to rule out tax increases

By Peter Norman, Economics Editor

SENIOR government minister yesterday said the ruling Conservative party intended to offer potential tax cuts ahead of the next general election, but could do so only by cutting the level of state

Mr Michael Portillo, chief secretary to the Treasury, did not, however, rule out the possibility of tax increases in the November 30 Budget as part of a strategy to bring the state'a finances into order.

Instead, he cautioned against excess optimism that this year's public sector borrowing requirement would be less than the £50bm forecast in the March Budget. Nor would Britain's recent better than expected inflation performance help the government with its task of cutting expenditure.

"If the recovery is stronger than we anticipated, then public borrowing will come down a little bit faster," he said in an interview with the Financial Times. "We are going to be borrowing rather large sums of money for rather a long period of time. I'm looking at an increase of our debt service

CONSUMER confidence in the health of the economy has increased again, fuelled by a growing belief that unemployment has stopped rising, the latest Gallup survey of con-sumer confidence shows.

The aurvay, conducted on behalf of the European Com-munity, found that when asked about prospects for growth, 34 per cent of the 2,042 respondents expected the general economic situation to improve in the next 12 months while 28 per cent expected it to deteriorate.

burden of about £10bn over the next four years. And that is money that cannot be spent on

Mr Portillo said it was "essential for the Conservative government to go into the next election with a reputation for sound public finance". To do that it needed to make sure that borrowing was "reducing at a fast enough rate".

Mr Portillo was concerned that critics inside the Conservative party seemed unaware of how tough a proposition the government had set for itself ment has estimated," he said. in aiming to hold to the "con-trol totals" of £253.6bn and

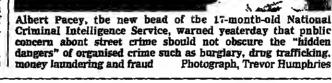
£263.3bm that it set a year ago for public spending in 1994-95 and 1995-95 respectively.

The control totals amounted to no real increase in public Mr Portillo said the government could not take comfort

from Britain's better-than-expected inflation performance in planning its public spending. For the time being we would expect inflation in the years ahead to be a little higher than we expected in July 1992 (when the control totals were aet) because of the loss of value in the currency" since sterling's departure from the European exchange rate mechanism last September.
Nor was he lulled into com-

ter-than-expected public sector borrowing figures which bave prompted many City analysts to pitch their expectations of the PSBR balow the £50bn envisaged by the government for this financial year and the £44bn forecast for 1994-95. "At the moment it seems to me that we are still faced with a borrowing requirement of about the size that the govern-

placency by last month'a bet-



Charges against brokers dismissed

By Norma Cohen. nvestments Correspondent

THE Serious Frand Office yesterday suffered a further setback to its efforts to prosecute alleged City crimes in the criminal courts when two stockbrokers were acquitted of conspiracy to defraud.

The men in the case. Mr Andrew Leslie Kent, 46, and Mr Patrick Mahon, 53, were respectively corporate development manager and managing director of the City firm T.C. Coombs. Both were charged with conspiracy to defraud and attempting to obtain property by deception.

Dismissing the charges against the men, Crown Court Judge Clark said: "This sort of enquiry in a case where there has been no financial loss to any individual would be far better left to the regulatory invisdiction of the appropriate bodies rather than a full-blown criminal trial."

Judge Clark called the SFO's case speculative, but said: "I make no possible criticism of the SFO in this case." The SFO case was largely based on doc-nments amplied to it by a Swiss bank, Rahn and Bodmer. However, several months ago, following a judge's order, the bank turned over more documents which cast new light on the claims.

The judge has ordered the prosecution to pay the defendants' costs.

Mr Robert Alun-Jones, QC for Mr Kent, said his client would pursue claims against Rahn and Bodmer for defamation and malicious prosecntion. Lawyers for both men said they were also considering wbether to act against any regulatory bodies.

Under the Figancial Services Act, self-regulating bodies may not be the subject of a damages claim as long as they were carrying ont their duties

At the heart of the prosecution's case was that the men bad entered into a transaction ultimately designed to make Coombs appear more heavily capitalised than it actually

Unions may face penalties for poaching members

By Robert Taylor, Labour Correspondent

ANY union which poaches members from another labour organisation could face heavy financial penalties under new proposals being considered by the TUC, the umbrella group for most UK unions.

The proposal for a tough sys-tem of fines is made in a confidential TUC consultative document sent to union general secretaries. It is designed to prevent inter-union conflict after the introduction later this year of a law giving workers the right to join the union of their choice.

The paper also calls for a new TUC body to be set up to judge poaching cases if concili-ation fails. It would be headed by a legally qualified director backed by two outside experts and serviced by TUC staff. In the past the TUC bas suspended or even expelled unions which refused to accept

Although the the TUC has opposed moves to inflict financial penalties on member

unions in the past, the confi-

its rules on inter-union rela-

dential document says: "A new system of penalties might be developed based not on requiring the exclusion of members or on rescinding of agree-ments, but on financial damages and compensation." This would be linked to the loss of income to a union for one or two years. The document does not specify the amount of such

Other proposed sanctions against a union found guilty of poaching would be censure by the TUC general council or the annual congress. In a further departure from present policy. the TUC also proposes playing an active role in encouraging union mergers.

Under the new Trade Union Reform and Employment Rights Act, a worker bas a right not to be excluded or expelled from a union unless be or she fails to satisfy union rules restricting membership to people employed in a speci-alised trade, industry or occu-

The TUC warns in the paper that unions could be dragged "increasingly into inter-union skirmishes and wars" if they

Shipyard workers lodge tribunal claims

NEARLY 500 former employees of Swan Hunter, the Tyneside shipyard, bave lodged claims of unfair dismissal as part of a union campaign to highlight the position of workers made redundant by receivers in

north-east England. The claims have been flooding into the industrial tribunal centre at Newcastle upon Tyne since union leaders wrote last week to more than 700 employees made redundant since the shiphnilder went into receivership in mid May.

If the employees' claims succeeded, they would be unlikely as unsecured creditors to receive any additional compensatory payoffs. A creditors'_

meeting earlier this month was told by receivers Price Waterthat Swan Hunter had total liabilities of £51m and realisable assets estimated at

But Swans union leaders hope their move, which follows a similar initiative by Leyland Daf union officials, will raise concern at how receivership can harm employees' redun-

dancy entitlements. Swan Hunter's now defunct company severance scheme paid up to £13,000; employees made redundant by the receivers must apply to the Department of Employment under the state redundancy fund, which pays a maximum of £6,150. Price Waterhouse declined to comment at this stage.

By lan Hamilton Fazey, Northern Correspondent

STAFF in the military aircraft division of British Aerospace (BAe) will tomorrow stage a one-day strike at plants in north west England against what unions say are plans to "sell their jobs" to one of three US companies.

The strike, which will involve about 450 information technology specialists and other staff, will affect factories in Warton, Preston and Samlesbury where BAe makes the Tornado ground attack bomber, the Hawk jet trainer and parts of EFA, the Euro-pean Fighter Aircraft.

The Manufacturing Science and Finance white-collar union said yesterday BAe wants to "outsource" up to £250m of information technology work. The union allaged that this would remove the company's ability to control its own information technology systems and pose a threat to national

IT staff to strike at BAe

Mr Frank Coulton, chairman of the MSF branch for the three factories, claimed secrets of military aircraft design and knowhow would be given to an overseas company.

Outsourcing - where a company contracts out formerly in-house services - has been growing in the recession, with computer bureaux offering economies of scale and savings in functions such as warehouse management, stock control, involcing and debt collection.

British Aerospace said investigations on outsourcing had been under way for several months as a part of a general efficiency review and cost reduction, but no decision had been made. It said detailed tenders for the work bad been sought from an IBM-DEC consortium, Computer Science Corporation, and EDS-Scicon. All three bidders are US com-

BAe declined to say which work would be involved, but MSF believed it to involve all mainframe computer activity, including some computer-aided design and manufacture, as well as routine clerical and management systems.

The company said the outsourcing investigations did not involve Rover cars or the in good faith. group's construction business, only aerospace. About 15 factorles would be involved throughout Britain. BAe workers would be transferred to the contractor if any outsourcing is agreed.

Universities reject more arts applicants

By John Authers

THE clearing system for UK universities starts today with indications that rejections of candidates for arts courses have been "significantly higher

than last year". But the Polytechnic Central Admissions System reported that two E grades - the lowest grade of A-level examination pass - would gain entry into many science and engineering courses.

Mr Tony Higgins, chlef executive of PCAS, said: "The absence of arts and social science courses is striking. But the place is seething with science and engineering courses." He added that admissions tutors for arts subjects had

needed to adopt much stricter criteria; "In normal years, admissions tutors have three piles - 'yes', 'maybe' and 'no'. This year they need to be much more decisive, and the only piles are 'yes' and 'no'."

The Universities Central Council on Admissions, which will merge with PCAS later this year, reported that more courses were still open than at the same stage last year, although vacancies in arts subjects were restricted to combined courses.

It predicted that more applicants will have reached the grades demanded this year, leading to a higher proportion of ultimate rejections. University vice-chancellors blamed cuts in government funding.

to talk to the people who make the world go round?

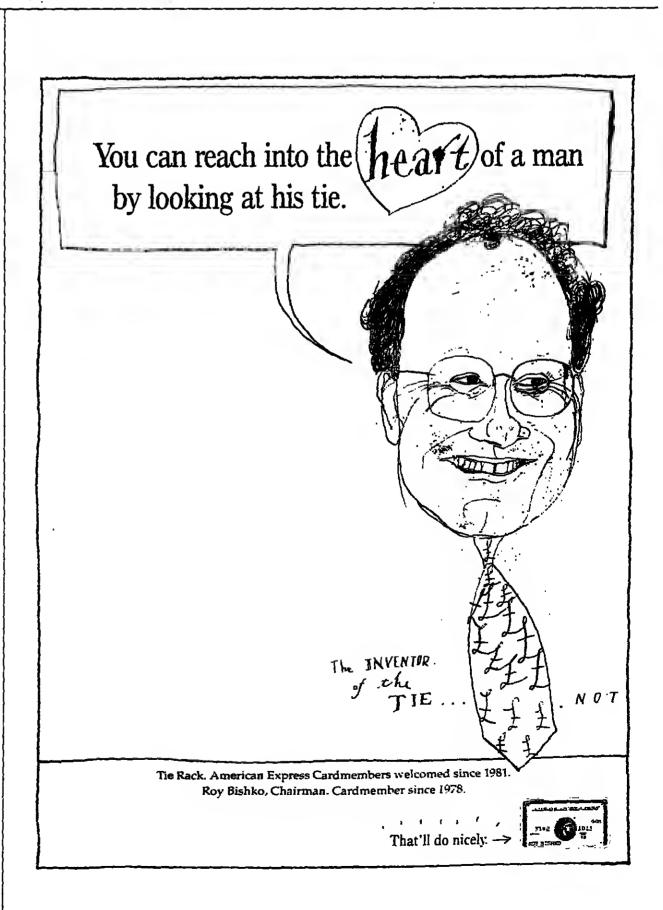


The IMF/World Bank meetings in Washington this September hold a special interest for top decision

Today they have to think beyond national borders and take eccount of global issues. And they will look to the Financial Times for the most authoritative reporting of events as they unfold in Washington. The Financial Times IMF/World Economy and Finance Survey will be published on Fridey.

September 24 to coincide with the Washington meetings. It will deliver a unique opportunity for advertisers to speak directly to e very select group of people. To ensure your message is not lost please telephone Hannah Pursell in London +44 (0) 71 873 4167 or your usual Financial Times representative.

FT. IMF/World Economy and Finance Survey.



By Kevin Done. Motor Industry Correspondent

NISSAN, the Japanese carmaker, is reviewing output levels at its UK plant and is expected to be forced to cut its present target of producing

270,000 cars this year. Production levels throughout the UK motor industry are under heavy pressure hecause of the continuing sharp decline in new car sales in continental Europe.

Nissan had planned to raise output at its £900m car plant at Sunderland in north-east England by 51 per cent this year to 270,000 from the 179,000 cars produced last year. With the situation in Europe as it

Hauliers launch

heavyweight bid

Channel Tunnel holds the key to

use of 44-tonners, says Tim King

for big trucks

HEN John MacGre-

gor, the transport

secretary, ann-

ounced earlier this month that

44-tonne trucks were to be

is, it is beginning to look as if we will not reach that target," the company said yesterday.

Around 88 per cent of production was exported last year, but this share has fallen in 1993, as the UK has emerged as the only market in west Europe where new car sales are grow-

The Sunderland plant, which now bas a capacity to produce up to 300,000 cars a year, has been under development since the mid 1980s. This is the first year in which it has been able to produce two car ranges, the Primera large family car and the Micra small car, at full capacity following the launch of the Micra in the

has allowed Nissan to raise its output in the first half of 1993 by 90 per cent to 140,713 from 74,214 in the corre-

sponding period a year before. However, output at the plant was already coming under pressure early in the summer from the sales decline in continental Europe. Nissan was then forced to lower planned Primera output in Sunderland by 15 per cent to 110,000 from the previous target of This reduction was offset by the

decision to raise the Micra production target from 140,000 to 160,000. Nissan was the first of the Japanese

carmakers to establish a car assembly base in Europe, and it has now

The start-up of Micra production become the first to be caught up in the recession that is hitting all the established car producers in Europe. Ford Vauxhall and Peugeot have

all been forced to reduce production in the UK this year. Overall UK car output in the first seven months at 858,617 was 6.6 per cent higher than a year ago because of the higher output from Nissan and the start-up of the

Honda and Toyota UK plants.

● Honda produced 13,000 cars at its plant at Swindon, Wiltshire, in the first half of this year and Toyota assembled 15,300 cars at its plant at Burnaston, near Derby, according to figures from the Society of Motor Manufacturers and Traders

Overall UK car output has benefited

from the growing popularity in Europe of four-wheel drive leisure utility vehicles. They have withstood the recession better than conventional passenger cars and are carving a significant niche in the car market The UK and Spain are the main production centres for such vehicles in

Output of the Rover group's Land Rover Discovery and Range Rover vehicles rose by 25 per cent in the first half of the year. It is expected to expand further as the Discovery is launched next year in the US, and when Honda - which has an equity stake in Rover - begins to sell the vehicle under its own badge as the Honda Crossroad in Japan.

Britain in brief



Superstores 'threatened' by discounters

Food discounters and US-style warehouse clubs pose a serious threat to large UK super store operators, Mr Archie Norman, chief executive of

Asda, warns today.
Mr Norman said in June the "halcyon days" of UK food retailing were over, with the industry unable to support the number of planned store openings without a downturn in margins and sales growth. In a BBC radio business programme to be broadcast onight, he warns superstores that are wrong to assume discounters operate in a different

part of the market. The three largest superstore chains, J Sainsbury, Tesco and Safeway, have joined forces to try to overturn planning per-mission granted to US warehouse club operator Costco at Thurrock, Essex, prompting allegations of collusion, and calls for an investigation by the Office of Fair Trading.

Fresh study on tunnel link

Union Railways, the British Rail subsidiary responsible for the Channel tunnel link, is investigating the feasibility of extending its tunnelling in London should St Pancras Station he chosen as the terminus for the link.

The study was in response to local protests over proposals, still being considered, for trains to travel to St Pancras station alongside the existing North London Line through Islington in north Loudon, Union Railways said.

Tags may clock car speeding

Government plans to charge motorists for the use of motorways by attaching electronic tagging devices to cars may be

extended to surcharge drivers for speeding, a minister has

Mr Robert Key, roads minister, said he could envisage a situation where motorists would be charged for every mile for which they broke the

speed limit. "You would know before yon set out that if the speed limit was 70 mph and you were doing 80 mph, it was going to cost you and it was going to hurt," he told the motoring magazine Carweek.

Union warning on farm reform

Abolition of the Agricultural Wages Board, which sets mini-mum pay for farmworkers, could put the government in breach of the Treaty of Rome, according to the Transport and General Workers Union

Launching a campaign to save the board, the TGWU pointed out that Article 39 (LB) of the treaty states the com-mon agricultural policy should ensure a fair standard of living for the farming community, in particular by increasing indi-

vidual earnings.

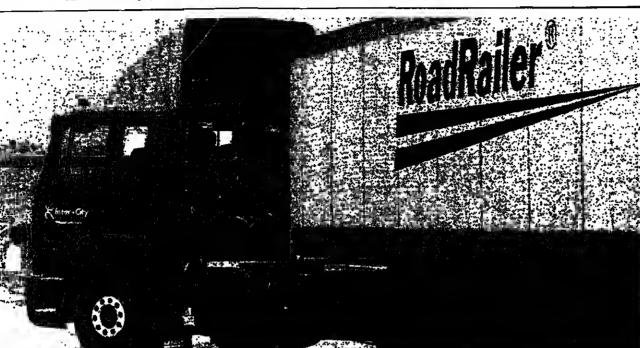
"Abolition would be a clear challenge to the European Commission," said Mr Barry Leathwood, national secretary of the TGWU's rural, agricultural and allied workers' trade group. Mrs Gillian Shephard. agriculture minister, last week extended the deadline for consultation on the board's future from next month until November following pressure from both farmers and farmworkers

Buyer interest in RiverBus

Robson Rhodes, liquidators of Loudon's RiverBus, said it had been approached by a number of companies interested in operating commuter services on the Thames, which were ded at the end of last

Jetstream order

Loganair, the British Midland subaldiary, has announced a 125m order for three Jetstream advanced turbo-prop sircraft to be delivered in two or three mouths. They will operate on the Reinburgh and Glasgow to Belfast routes.



Pulling power: Transport Development Group plans to operate 44-tonne roadrailer trucks between UK rail terminals

ies. Ordinary trucks therefore have a competitive advantage over freight transporters used for a combination of road and rail iournevs

allowed on Britain's roads he was prepared for criticism from the environmental lobby. There was also criticism from an unexpected quarter. Britain's hauliers expressed disappointment that the trucks were to be permitted only for use to and from rail freight ter-Mr Bill Newton, manager of minals. They claimed that the opportunity had been missed

all freight traffic regardless of its origin and destination. The 44-tonne limit applies to trucks carrying containers or those equipped with swapbodies which can he separated from the traction units for

en de la company de la company

transfer on to trains. Mr MacGregor now says he wants to put container lorries and swap-bodies on level terms with trucks making road-only deliveries. The move is seen as part of the government's strategy of reversing the decline in rail freight relative to road freight. Containers and swapbodies are heavier when empty than conventional truck hodBritain's existing weight

limit of 38 tonnes for road-only deliveries means that fully laden conventional trucks are more cost-effective than heavier swap-hodied vehicles, which cannot carry their full capacity unless the regulations

the environment research centre at the Transport Research to raise weight restrictions on Lahoratory, a government agency, said: "We are getting into a situation where rail freight is almost entirely moving bulk goods - coal, oll, aggregates, some bulk steel and refuse."

The advent of the Channel Tunnel rail link has raised new hopes of developing the rail freight industry, which is more competitive with road transport over long distances. Transporting most goods from Glasgow to Londoo, for example, would be cheaper by while a journey from Glasgow to Genoa could justify a combination of road

and rail. In continental Europe, where most countries already have a 44-tonne limit for lorries geared to road-rail travel, the use of swap-hodies tripled between 1980 and 1989. European freight carriers

may be the first to benefit from the relaxation in UK regulations hecause they have already invested in swap-Investment in swap-bodies is crucial for intermodal (comhined road-rail) travel, according to Railfreight Distribution,

the BR subsidiary which is due

to operate most freight ser-

the government plans to privatise, is already selling capacity on its trains to two wholesalers - Allied Continental Intermodal and Combined Transport, a consortium of Continental intermodal companles and UK road transport operators. They will sell space on the trains to international

transport operators.

Mr Mike Stockdale, commercial manager at Combined Transport, says the company would initially have three trains a day in each direction, with a capacity of 26 lorryloads. By 1995, he expects to vices through the Channel move five trains a day in each Tunnel. The company, which direction. The increasing use

of 44-tonne trucks will depend on the popularity of freight services through the Channel Tunnel

Limitations on 44-tonne trucks, which will be restricted to routes between railfreight terminals, is the higgest obstacle to reversing the decline in rail freight, according to critics

of the system. Mr Ken Buchan of the Metropolitan Transport Research Unit, an independent consultancy which was commissioned to investigate the economics of freight traffic by the campaign group Transport 2000, says the bias against rail freight is greater than a matter

of weight restrictions. Road freight, he argues, is not paying its costs in environmental and safety terms, and will continue to have economic advantages over rail until it is made to do so.

Now that he is permitting the use of 44-tonne vehicles, Mr MacGregor may find it more difficult to resist the road lob by's pleas to raise weight limits for all traffic. He has said the new vehicles

will be no higger and cause no more wear to roads than exist ing vehicles. The road lobby is sure to turn that argument in favour of 44 tonne lorries for all-road journeys.



From chemistry to candy bars, more global companies like Dow

BECAUSE Citibank forges solid, long-term relationships with its customers-over 70 years each with Dow and Nestlé.

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worldwide fo bank can mat

But if that is now all changing not least thanks to the economic reforms of finance minister Manmohan Singh - one company stands out as a benchmark for others to

The truck and excavator company The truck and excavator company
Telco (Tata Engineering and Locomotive Company) has developed a
peculiarly Indian approach to quality and worker participation in a
nation that has to contend with issues - from communal tensions to the effects of deshi or country liquor not always on the agenda of west-

Based in Jamshedpur, Bihar, Telco is one of the flagship companies in the blue-chip Tata group.
With its sister car plant in Pune, it is India's largest private-sector concern, with a turnover last year of

Rs29,000m, approximately (£612m).
Established in 1945, originally as a joint venture with Mercedes-Benz, it is one of the world's largest truck manufacturers, providing 75 per cent of the goods vehicles and buses on India's roads. It has exported them to 60 countries. Last year the millionth truck rolled off the assemhly line and recently Telco secured its largest export order, for 2,100 truck chassis, from the Sri Lankan

government. "Quality and productivity are essential in helping us to compete wnrldwide," says Sarosb Ghandy, resident director in Jamsbedpur. "We are investing in our 'software': building on the skills, commitment

and involvement of our men." A crippling 40-day strike in 1969 and a series of shop-floor battles for union control in the early 1970s, had warned management "we were far too distant from our men to liaise with them", says Ghandy. Union officers and senior executives subsequently attended moral re-armament industrial seminars organised by a grandson of Mahatma

s management fashions go, few have been more perva-A sive than Total Quality Management. Over two-thirds of Britain's largest companies are converts to TQM, fervently believing that it holds the secret to husi-

But experience suggests otherwise. Evidence is emerging that TQM schemes are failing because they have been poorly designed and implemented.

There is also a growing belief that the concept may be flawed - rather than being a management



to empower the workforce through training courses and weekly meetings to discuss problems

When quality is a way of life

Telco has developed a peculiarly Indian blend of ideas for motivating workers, writes Mike Smith

Gandhi. Impressed by the reconciliation of two rival union leaders, the company launched its own in-house "human relations at work" (HRW) training programme in 1982.

The focus of this is a three-day course, attended so far by 18,000 of Telco's 20,000 employees. The aim is to empower the workforce to take responsibility.

Shap floor workers, who have training and at one afternoon ses-

A recent survey of Britain's larg-

est 500 companies by marketing

consultancy, Ahram, Hawkes, shows that many of the schemes

are half baked: two-thirds do not

set quality performance targets,

and even when they do exist, less

than half have a mechanism for

reward when those targets are met.

. Perhaps more alarming, TQM

sion a chargehand from the toolroom, RB Singh, conducts a programme for 20 employees. Topics for discussion are alcohol-

ism, absenteeism, punctuality, syn-chronising work functions, responsibility versus blame and even blood donation schemes. Hindu suomis (priests) also give

talks on aspects of buman behaviour, to "bring an Indian ethos into passed through the course, do the our environment of management",

Success tool or passing fad?

ing their supposed financial bene-

fits. Although most companies sur-

veyed say that the schemes have

increased customer satisfaction,

only one-third have noticed an

increase in sales and only a half

have reported higher profits.

Overall, less than 50 per cent of

the companies say they are satis-fied with TQM, and only 8 per cent

are "very satisfied". The results are

panacea, TQM is beginning to look like another fad. schemes do not seem to be delivering their supposed financial bene-

There is also an emphasis on the Gandhian philosophy of the "inner voice" - to encourage "self-motivation", says Telco's head of management development, Nazimuddin Ahmed. "Really motivated people are inner directed.

They have a characteristic of their own and are not dependent on

The visible manifestation has been the birth of shop-floor quality circles, known in Telco as "small

particularly surprising as the ques-

tions were addressed to managers

responsible for the quality pro-

One of the reasons for the fre-

quent failure of TQM programmes to deliver so-called quality, the

study suggests, is they are sold tn

the companies by outside consul-

tancies that bave little interest in

the long-term success of such

schemes. The research shows that

grammes.

group activity" (SGA). Now, nearly 1,300 voluntary groups of 10 to 12 people, involving the hulk of the workforce, meet for an hour each week to iron out production prohlems - and discuss how to tackle alcoholism, family debt and communal tension in their townships or

One group hailed out a colleague who became heavily in deht after personal problems. Another group repaired a fault on a osetal press which had haffled German engi-

neers. Each year, employees make 100,000 suggestions for improvements, saving the company nearly

£2m, says Ghandy. Telco is now making 16,000 more trucks with 6,000 fewer workers and has enjoyed a strike-free industrial record over the last 21 years. Ghandy says that the productivity increase is also due to the impact of

The SCAs also help to defuse any communal and political tensions, according to Shri Gopeshwar, General Secretary of India's National Trade Union Congress (INTUC), who is head of the Telco workers'

When the Bahri mosque at Ayod-hya was demolished by Hindu mili-tants, sparking nationwide violence, relations in the townships around Telco remained calm and the police found it unnecessary to impose a

Telco, in common with many companies in the west, still faces the challenge of bow to reduce the multiple layers of middle manage-

But other Indian companies are taking a keen interest in Telco's

Chandresbwar Khan, assistant manager at the Management Training Centre gives talks on HRW to conferences of the Confederation of Indian Industry.

"Improvements in the quality of our products will come from an improvement in the quality of life of our workforce," he says, "In our company we talk about human relations, meaning we work together. And we don't just talk about it - it has become a way of life."

nearly 60 per cent of companies use external quality consultants when planning total quality implementa-

Alternatively, schemes may he failing because they are nnt properly implemented: many companies complain that middle managers have not supported or understood what TQM entailed.

A report on TQM within the UK's 500 largest companies. ovailable from Abram, Howkes. Tel

Lucy Kellaway

Moving towards independence

Tim Dickson looks at the changing face of US boardrooms

ndependent directors now far outnumber insiders on US boards. But more than threequarters of US company chairmen still combine that role with the job

of chief executive. These are two of the main findings of a new report on corporate governance from the Conference Board, the worldwide husiness organisation which has its headquarters in New York.

The issue of independent, nonexecutive directors, was highlighted in the US this mouth with the enforced departure of Kodak's Kay Whitmore, chairman of the phototgraphic company. But according to the Conference Board's findings, US corporations have been making considerable strldes iu recent years towards more independent membership.

Many companies, for example have eliminated directors whose connection with the company could conflict with their ability to exercise impartial judgments. Thus 60 per cent of the 546 respondents had no hoard members representing leading customers or suppliers (including legal services), or who were related to or had a significant business connection with a member of the compa-

ny's management. Outsiders were in the majority on 94 per cent of manufacturing and financial firm boards, and on 93 per cent of non-financial service company boards. In many companies, the Conference Board comments, chief executives bave initiated the reduction of insiders. In this they appear to be influenced hy the potential advantages of tapping outsiders' knowledge and contacts, the need to slim down board sizes and pressure from the corporate governance lobby.

Another trend is management's loosened grip on the director nomination process through greater acceptance of the board nominating committee. The Conference Board notes, for example, that only 8 per cent of companies surveyed 20 years ago had such a committee - comprising solely outside directors and charged mainly with the task of finding and screening possible candidates for nomination to vacant board seats. The current figure is 64 per

More than 90 per cent of hoards now have a compensation commit-tee, against 69 per cent two

The finding that 76 per cent of chairmen combine the role of chief executive may seem a touch unlikely to a UK audience. Since the publication of the Cadhury report on corporate governance in 1991, splitting the two jobs in hig companies has become very much de riqueur.

The Conference Board states that combining them in the US is "clearly the established pattern". It follows that "most CEOs expect to hold hoth positions when they assume leadership of a company. But the practice has again come under fire, as it did in the early

Another section of the report highlights what directors actually do. Those in financial companies spend on average 35 per cent of their time on board committees, against 30 per cent for non-financial service companies and 24 per cent for manufacturing concerns. Committee time increases, though, as company size expands.

Median hoard meeting lengths range from two and a half hours in financial firms to three and a half hours in manufacturing com-

In the largest manufacturing and financial firms the median board meeting frequency is nine times a year, although in some the frequency is as low as four and as

high as 12.
At hoard meetings directors spend two-thirds of their time on three main concerns; strategic issues (a median of 25 per cent) financial management (21 per cent), and operations control (20 per cent). Forty four per cent of the manufacturing companies said their directors were "very diligent" in preparing for meetings, but the figure drops to 39 per cent and 34 per cent for non-financial service firms and financial firms

respectively. The report includes a brief section on Europe, based on interviews with corporate executives in eight countries.

Available from Judith Kertland

The Conference Boord Europe, Ave-

nue Louise 207, Bie 5, B-1050 Brus-

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BETWEEN

markets—over 90 years in Asia, and 75 years in Latin America. BECAUSE THE CIT! NEVER SLEEPS. **CITIBAN(O**

Trying its water wings

hen Lufthansa pulls in its aircraft for regular checks and overbaula every six years or so, it no longer douses them with powerful paint stripping agents that contain harsh chemicals such as dichloromethane and phenol.

Instead it gives them the water treatment. At the national carrier's new DM230m (£90m) paint hangar in Hamhnrg, a stream of high-pressure water is directed at each aircraft. This forces itself under the paint layers and peels them off.

The paint has to be removed so that alreraft can be inspected for cracks and corrosion.

Before Lufthansa perfected its rohotically operated Aquastrip process, which it will make available to other alrlines, stripping one of its Airbus A300s needed some 2.5 tonnes of unpleasant chemicals and left 10 connes of liquid waste.

With Aquastrip, lukewarm water is shot towards the aircraft at a shallow angle from a rotating nozzle. Turning at 6,900 revolutions a minute, this creates a fan-shaped stream of water so fine that it does not damage the aluminium skin of the wings and fuselage.

Aquastrip works precisely enough for the three coats of paint to be peeled away separately.

Each nozzle sprays waler at the rate nf 37 litres a minnte. This water is then recovered and cleaned of the paint particles. Lufthansa engineers bope to be able to recycle 97 per cent of the water. The particles are hurned in

a special waste incinerator. Befnre deciding on Aquastrip, Lofthansa, which has around 220 aircraft, tried other non-chemical methods of paint removal. One was blasting with dry ice; the paint layer was broken up by the temperature shock and theo ground away by the sharp-edged crystals. However, this method pnt a heavy stress on the thin aircraft skin and could therefore be used only once in its service life. It also coosumed a large amount of

Luftbansa has found that Aquastrip not only belps the environment. It is even quicker than the old chemical techniques.

Andrew Fisher | electricity.

fter three years of discussion over how best to pro-vide emergency aid for the 2 58 Soviet-designed nuclear reactors in the former east bloc, the Croup of Seven industrialised countries has finally begun to act. It has tries has many began to act. It has just agreed its first joint project, an Ecu2im (£18m) grant to Kozloduy, Bulgaria's troubled nuclear power The grant will be used to import safety equipment for Kozloduy, declared Europe's most dangerous ouclear power station in 1991. It

will be paid out of the Nuclear

In return, the Bulgarians have

containment to enclose them in an

accident - as soon as financially possible, which may be by 1998. The

EBRD aims to make the plant as

safe as possible until this happens. Unlike many of the region's other

nuclear plants. Kozloduy has already received mncb western attention. "Until now, we've

received around Ecul8m from the

EC's Phare programme (funding

eastern European projects and had some 1,000 western experts visiting

Kozloduy, hut this has been spent

mainly on analysing the plant and

its problems, and on retraining staff," says Nikita Sharvashidze,

deputy chairman of the Bulgarian

government's Committee of Energy.

The EBRD grant will provide us

with hard currency to huy foreign safety equipment. This will include

process computers to make the

system more user-friendly, extra cooling devices, isolation valves, spare parts and ultrasonic

inspection equipment for the pressure vessels." The equipment will be purchased through tenders which the EBRD will belp NEK,

Bulgaria's state-owned electricity

electricity companies in the former east bloc is organising procurement,

arranging financing and dealing

with western banks. We have no

experience in this and will rely on

the EBRD's support." Shervashidze

"We hope we can complete the

project within 18 months and set up

a model of how it can be done for

FINANCIAL TIMES

other recipients of grants,"

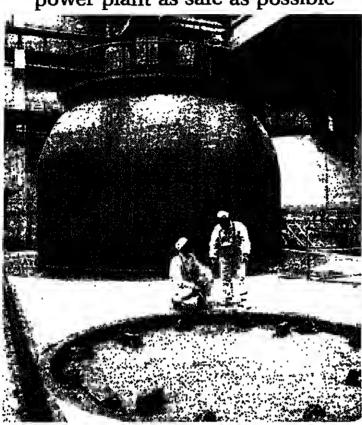
"One of the weakest points of

monopoly, to organise.

Safety Account which was set up by the G7 at the European Bank for Reconstruction and Development Virginia Marsh looks at G7 plans to last March and had received contributions of Ecul 15m by June. make Bulgaria's Kozloduy nuclear power plant as safe as possible agreed to shut down the plant's four 440MW VVER (old pressurised water reactor) units - which lack

Containing

a spent force



Kozlodny was once described as Europe's most dangerous nuclear plant

Due to the ageing of the country's non-nuclear plants, this share could rise to 50 per cent, according to Yanko Yanev, chairman of the Bulgarian Nuclear Safety Authority

But it is clear the west must provide much more funding If the project is to fulfil its long-term aim He says the country will not close down the reactors until it can of seeing units one to four closed finance the upgrading of Kozloduy's remaining two 1,000MW units. "We The Bulgarians are adamant the are willing to co-operate but we country needs nuclear energy and cannot accept some sort of say Kozloduy supplies between 35 conditionality. and 40 per cent of the country's

"We are trying to look for energy sbare options which will permit closure of supply.

units one to four, although three and four are relatively new," But the two 1,000MW units could cost \$500m (£357m) each to modernise and be made more reliable. They are considered safer than the 440MW reactors as they bave containment facilities, but have proved to be a less dependable source of electricity than the older

Last September a fire in unit six closed the 1,000MW units - they sbare a common spare power Shervashidze is booing the EBRD will also help Bulgaria to secure commercial loans for the upgrading work and for a second nuclear project on the Danube at Belene which is 50 and part complete.

which is 60 per cent complete. But the country looks like having little chance of raising substantial funding from the west negotiations with the London club
of commercial hanks over
Bulgaria's \$11hn deht broke down

Also, many western countries and institutions, notably the World Bank, believe that nuclear energy is no longer cost-effective and will not finance new nuclear plants.

lvan Uzunov, professor of atomic energy at Sofia University, believes Kozloduy and other Soviet-built reactors in the region can only be made to pay if safety standards are compromised. Uzunov, who has advised western countries such as Austria and Italy on nuclear policy, August ann half of ficultum last a grant of ficultum last absolutally nothing" compared with Kozloduy's immediate needs.

He acknowledges the plant's safety has improved substantially

in the past two years, but says he is still not satisfied that units two and three are sound enough to operate or that the plant's 7,000 employees have had enough training.

But his main concern is the build-up over the past three years of 600 tonnes of spent radioactive fuel elements at Kozloduy which are being stored in pools of water. In cold war days, thase were ssed by the Russians at little cost to the Bulgarians. Now, the country faces reprocessing hills of \$1,000 per kg.

shidze says Kozloduy has storage space for the spent fuel elements for two more years. He hopes that by then, Bulgaria will have huilt dry storage facilities hut again, this requires financing. Uznnov would like to see alternative storage facilities built as soon as possible.

He says that an explosion at the Soviet Kisbtim nuclear plant in the Urals in 1957 was caused after 70 tonnes of spent fuel elements overheated due to a shortage of water; parts of the region are still

e also believes the Bulgarian euthoritles have not received enough independent advice and have been influenced by the western nuclear industry, hungry for new orders in eastern Europe due to falling domestic demand.

As an alternative to spending on nuclear energy, he is lobbying for western help to improve energy efficiency at conventional power plants and increase Bulgaria's connections to international gas pipelines and electricity networks.

Suchard grazes on green pastures

Frances Williams reports on a 'feel good' factor that counts

Tree planting and chocolate may not seem to have any obvious connection. Yet Jacobs Suchard, the Zurich-based chocolate and coffee group, was delighted three years ago to accept sponsorship of reforestation pro-jects in the Alps.

"The Idea could have been invented for us," says Walter Anderan, head of corporate affairs. The connection is supplied hy the lilac Milka cow, a symbol of one of Jacobs Suchard'a most popular chocolate hrands. By protecting the hahitat of the Milka cow a Simmental cow painted lilac for Suchard'a packaging - the mes-sage that the chocolate is made from healthy Alpine milk is made more credible, he argues. Jacobs Suchard's main markets are Germany, France, Switzerland and Austria, all with Alpine regions.

Since 1991, Jacohs Suchard part of US products conglomerate Philip Morris - has sponsored the planting of 300,000 trees in five countries as part of its collabora-tion with Alp Action in the "Green Roof for Europe" campaign. This is the higgest of the 30 projects launched by Alp Action, founded by Prince Sadruddin Aga Khan to mobilise corporate fund-ing for environmental protection in the Alps.

Tha project, which has cost Jacobs Suchard more than SFrim (£444.000), has involved thousands of children and plays a key role in its marketing atrategy.

Last week, Alp Action and Jacobs Suchard staged a tree planting event at Lenk, home of the Milka cow, to mark plans to continue their "Green Roof for Europe" partnership. Reforestation projects are scheduled for Austria, France, Germany, Italy, Slovenia and Switzerland over the next two years.

Jacobs Suchard's concern for the environment does not stop with tree planting. Since 1986, it has sought to "green" its activities

across the board. It started with a rethink of pack-aging requirements, necessitated by the need to streamline packaging inherited from acquired companies. The group has since extended its environmental concerns to production, transport and its housekeeping.

Jacobs Suchard uses a recycla-ble plastic monofoil for its Milka Lila Pause chocolate bar which is Lila Pause chocolate bar which is cheaper, "greener" and attractive to consumers. Its redesigned chocolate boxes have saved up to 50 per cent on packaging and dispensed with polyvinyl chloride.

Similarly, coffee in Germany is sold in vacuum packs containing practically no aluminium. With the same product protection.

the same product protection, Jacobs Snchard claims to have reduced waste hy 47 per cent, energy use hy 37 per cent and water consumption by 48 per cent. The company plana to extend monopacks to all markets. Further down the chain, the

group uses multi-entry pallets of recyclable materials for shop deliveries. These pallets are later collected and re-used. In this way, Jacobs Suchard has cut the total amount of primary and secondary packaging by 5 per cent - 10,000 tonnes - in three years.

Fuel use per cubic metre transported by the company has been more than halved from 1987 levels. Packaging has been redesigned and standardised with efficient packing and transport in mind. Cocoa and coffee heans are increasingly shifted by rail in special bulk containers; half the tonnage moved by Jacobs Suchard last year went by train against 5 per cent in 1987.

All this greenery is, says Anderau, more a "feel good" factor than a big money saver. Financial costs and benefits are often difficult to identify. Environmen-tal objectives are just one factor in the investment in new packaging or factory modernisation

The company has invested directly about \$23m (£15m) since 1977 on environmental protection measures. This includes \$4m on its new chocolate factory in Berlin and \$3m (with \$10m more planned) on its Lörrach facility near Basle. Anderau reckons these costs probably offset a large part of the savings from pro-environment activities.

However, the "feel good" factor counts, for Jacobs Suchard's workers and its consumers. At Lenk, Jacobs Suchard launched a programme to plant a tree for every baby born to an employee's family, an Alpine farming tradition.

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PEOPLE

Thompson: no rank outsider director.

David Thompson, until the beginning of this week nonexecutive chairman of Rank Xerox in the UK, yesterday moved to Gestetner Holdings. The office equipment distributor has been looking for a part-time chairman since May, wben Inchcape took a 15 per cent stake and Australian entrepreneur Basil Sellars, who had been chairman and chief executive as well as, indirectly, a substantial shareholder, gave up his executive responsibilities.

in the photocopier market, Rank Xerox and Gestetner are competitors in the medium and smaller machines.

Thompson, 61, who admits to a "slight lump in the throat" at leaving the company for which he has worked for 27 years, felt far too young to retire. Hence, when presented with the current opening, his reaction was

Mark Young, for two years head of business affairs at ITN,

is to follow his former boss

Bob Phillis, now BBC deputy

He starts next Tuesday as

chief assistant to the deputy dg

who was poached by the BBC from his job as chief exec-

utive of ITN in January. Young

will provide back-up across the whole range of Phillis's respon-sibilities, which include the

managing directorship of the BBC World Service and co-or-

dinating the BBC's interna-

tional commercial and

■ Brian Dozey, previously executive director of United Distillers' subsidiary in the Canary Islands, has been appointed marketing director

of UNITED BREWERIES.

Andrew Ramsay has been appointed Grade 3 nt tha

Department of NATIONAL HERITAGE in charge of the

Arts Division, the National

Lottery Bill team, the Government Art Collection

Alan Ross, formerly sales

sales director of BOOKER

appointed director of POST

Markets Business Centre.

OFFICE COUNTERS' Financial

Breweries, has been appointed

and the Millennium

director of Newcastle

Fitch Food Services.

Paul Rich has been

Commission Unit.

resource activities.

director, to the BBC.

Young quits ITN for BBC



adds: "With all the wisdom of 12 hours' experience, it looks as if Gestetner has a reasonable operating structure. It is quite strong in Latin America, and doing reasonably well in the Far East. Europe is poor, but so it is for most compa-nies." In May, a fellow countryman of Sellars', Greg Megaard,

was appointed group managing

Young spent his time at FTN

looking at new business oppor-

tunibes and drawing up busi-

ness plans. He was also part of

the team which put together a London radio franchise appli-

cation for a consortium in

which ITN has 20 per cent. Before joining ITN he was a

consultant in the media group

at Coopers & Lybrand Deloitte. ■ John Hakes, chief executive

of Thorn EMI Security and

Electronics, the company's defence electronics arm, is to

take immediate "early retire-

ment" as part of a radical

simply one of "why not?". He

tion is that we will be tripping over each other," Thompson acknowledges, but is adamant that this will not be the case. "We have talked about it." he says firmly. He expects to be in the chair-

man's seat "circa three years, maybe longer. if my performance is satisfactory". Coming to office machines

Thompson says there will be

"an executive tinge" to the job, which will entail "taking a

close interest in the financial

Meanwhile Sellers stays on

as a Gestetner non-executive

director. "The classic assump-

aspects of the business".

via the colonial police in the former Northarn Rhodesla, Thompson moved to IBM, working in the UK and the US, before joining Rank Xerox. He has been chairman of Rank Xerox UK since 1990.

shaka-up at Thoru EMI'a

The changes follow Thorn EMI's failure to sell its defence electronics business to GEC, despite months of negotiation. For at least a year it has been clear that Thorn wants to concentrate on its music and rental husinesses, and to dispose of non-core activities. However, it seems that Lord Weinstock was unprepared to pay anything like Thorn's ask-ing price, which is thought to have been in the £150m range.

the resignation last month of

defence arm.

Hakes' retirement fullnws John Taylor, the company's aging director.

Insurance moves

■ Hugh Prior has been appointed deputy chairman and Rolf Horst to the board of BMS RE, part of Ballantyne,

McKean & Sullivan.

■ Jonathan Coote has been appointed deputy md of SUN ALLIANCE GROUP PROPERTIES, and not of Sun Alliance as stated on August

■ Brian Jamieson has been appointed company secretary of REFUGE GROUP and Refuge Assurance. Derek Whitehead has been appointed IT director of Refuge Assurance.

■ Nancy Kinck has been appointed actuarial & research director of LONDON & EDINBURGH INSURANCE GROUP.

John Martin has been appointed group finance director of PEGASUS ASSURANCE GROUP.

■ David Reed has been appointed md of ASHLEY PALMER HOLDINGS and Ashley Palmer Syndicates. David Margrett (below), md of LOWNDES LAMBERT'S UK operations, is now responsible for the group's operations worldwide.



FT EXPORTER - A NEW QUARTERLY

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Pilsworth selects Chrysalis

SelecTV. the independent production company that was earlier this year upset by wranglings between co-found-ers Michael Buckley and Allan McKeown, is losing its manag-ing director Michael Pilsworth, who had been in charge of the

UK side, to Chrysalis.
Pilsworth joins as managing director and chief executiva of the newly created visual entertainment division, which groups together a number of operations including the TV production company, the home vidao operation and Red Rooster Film.

Last November, Chrysalis brought Steve Lewis on board from Virgin to head up the

music division, and group chairman Chris Wright says the senior management team is now complete.

Pilsworth, 42, says he had been talking to Wright, whom

he has known since student days at Manchester University, for the past year. But it was not until now that he felt he could leave SelecTV so that the transition, in what is a very small company, would be "as seamlaas aa poasible". McKeown is returning from Los Angeles, where he had been based, having opted to run down the US operation. Buckley was ousted as chair-

man in March. "For me Chrysalis is a fan-

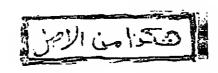
tastic global brand name in the record husiness; it provides a great opportunity to capitalise on that goodwill for the visual entertainment side."

Chrysalis is also targeting a younger audience, in terms of mentality and cultural inter-ests, if not in age.

Hence it was no accident, Pil-sworth thinks, that SelecTV executives were avid golfers when he was not. Now, by con-trast, he is about to take an intensiva tennis course in

A lecturer to psychology at Manchester before he joined LWT as a research assistant in 1985. Pilsworth moved to TVS before joining SelecTV

Spain.



Television/Christopher Dunkley

Scrambled Sky at a premium

currently urging satellite viewers to phone for details of "A hrand new Sky". Do so and you receive a 36-page sales hrochure which declares "Summer's here and there's a completely oew look to satellite televisioo oo the way. The Sky Multi-Channels Package will he the most exciting thing to hit your TV screeo in years. There are brand oew channels to satellite receiving all your current favourites. Sky Multi-Channels launch on September 1, so hurry to page 11 to read all about it. You could also win a hrand new Vauxhall ... " This seems to he Sky-epeak meaning "From September we shall be adding oew channels to the output. Most of the material will be American. At the same time we shall scramble the eignal on all hut one of the Sky services so that heritage"; and Bravo which promises "treasures from the we can charge you for what you were previously watching for nothing. You could also vaults". win a brand oew Vauxhall.

The minimum "package" of 12 scrambled channels will cost £4 a mooth for the remainder of this year and then £7 a month from January. That will hring you the general eotertainmeot channel Sky One, the Children's Channel the British repeat channel UK Gold, and the nine new channels listed below. Add to that package one of the "premium" channels (The Movie Channel, Sky Movies Plus, or Sky Sports) and the price goes up to £12 a month. Add two premium channels and the cost is £17 a month. For all three it is £20 a month. With the two top price packages you get Sky Movies Gold thrown in, though it is neither a premium channel nor part of the basic package. Thus the lowest priced Sky package will, from January 1994, cost £S4 a year: £1 more than the BBC licence fee. If you take all the Sky services it will cost £240 a year.

What about those in Britain's 25m satellite homes who bought their dishes on the understanding that the cost of the hardware, currently around £200, would he all they had to pay, not realising that encryption and subscription would follow? Since the dishes via the Astra satellite (actually three satellites now in the same positioo, with 48 channels already useable and more to come) there are still many channels which are oeither owned by Sky nor marketed as part of the Sky package which can still he received in clear, though most are German or Dutch language services. English language channels which will cootinue. for the momeot anyway, to be available free to those who cannot afford to pay another £84 a year, or who simply decide to resist Sky's urgings, will he Ted Turner's global news octwork CNN. Sky News (which is presumably staying unscrambled to compete with CNN), the 24-hour rock video channel MTV, Eurosport, and Turner's Cartoon Network which is due to arrive soon. And what are those "hrand

offering as an inducement to pay a subscription? There are nine: The American children's channel Nickelodeoo, A home shopping 24-hour channel called QVC ("quality, value and convenience"). The Family Channel ahowing series such as Remington Steele and Big Brother Jake. Discovery, a factual channel specialising in wildlife, travel, "adventure", etc. Two more all-music networks: CMT, or Country Music Television; and VH1, or Video Hits One, which seeks to be an adult version of MTV for the generation that grew up with the music". A womeo's channel called UK Living, described by Lis Howell, head of programming, as "the elastic waistband" station; she warns that it will be "domestic" and "underican "retro" channels:
Nick At Night which claims to
he "dedicated to the preservation of televisioo's

This appears to be the sort of

There is a very long wav to go iii any-

thing other than news and sports programmes before satellite and cable can be seen as anything other than re-packaging parasites

"niche programming" that we have so long been told is the natural outcome of the multi-channel systems brought in by satellite and cahle. UK Living will presumably screen British material, though only 213 of their 18 hours a day will be original programming, and perhaps QVC's goods will be British, though we shall have to walt and see. Marketing programmes currently filling spare time on some satellite channels at night seem to sell ooly American products plastic house painting kits. kitchen knives, car cleaners with "programmes" made in the US even though the presenters are invariably British. Those services aside, lt looks as though these nine exclusively of American material, most of it old, some

Few of these new - well, new to Britain - channels have even started test transmissions yet, hut Bravo and Discovery have been running in clear for a couple of weeks, so it has been possible to get an Idea of what they, at least, have to offer. The answer is a strong whiff of nostalgia, an overpowering sense of American cultural values, and a feeling of stringent budgets. There is some British material here: on Discovery I have seen Bellamy's Bird's Eye View and several Loch Ness Updotes covering a scientific hunt for a monster. There was even a Europeao programme on Saturday evening, a 60-minute production called Airbus, about the building of the aeroplane. hut as this droned on - "Here's the comfortable six-abreast

of It quite astonishingly so.

business class...comfort on board is unique ... preparatioo has been patient and minute in its details" - it hecame impossible to believe that it was not, literally, a promotional video produced by the marketing department of Airhus lodustries. Perhaps they paid Discovery to screen it: I hope so.

More common are old American programmes such as The Story Of Rock And Roll which includes Joan Baez, Boh Dylan, and The Byrds hut excludee The Beatles, The Rolling Stones and anybody else who happens to be British. The subject of Friday's Biography was Joe Di Maggio, hasehall player and Marilyn Monroe's sometime husband from the 1950s. The footage was, like much oo Discovery, in hlack and white. In case you missed them Airbus and Biography were repeated mid-evening on Saturday. having also been shown the previous Tuesday. American Caesar turned out to be an old hlack and white documentary about General MacArthur. Bravo's material is even

more consistently black and white than Discovery's, and although it does include old British B-movies (an antique Edgar Wallace called To Have And To Hold with William Hartnell and Ray Barrett as detectives, the 1965 "silent" hlack and white comedy A Home Of Your Own with Willie Rushton, Bernard Crihhins and others on a huilding site, and so on) it, too, relies mainly on geriatric American televisioo series. Friday brought Car 54 Where Are You? followed by The Doris Day Show and, later that evening, one of the oldest American series I have ever seen on British television: Art Linkletter And The Kids. It is amazing that these exist at all, having been made in the fifties

and, I suspect, even the late forties. We seem to he rapidly reaching the point where the world's (well, Britain's and America's) entire stock of old television programmes is being run on one channel or another all the time. It is, no doubt, a cheap way of filling schedules. in which case we may wonder why we are asked to pay such a relatively high price. Though there are 12 channels, with possibly more to be added, in Sky's hasic package, they contain far fewer original programmes than the BBC's two channels or ITV and Channel 4. True, in October Sky One will be the first channel in Britain to screen Queen, sequel to the two Roots series (American of course) and the network is currently in the process of producing a dramatisation of the Ken Foliett novel Red Eagle, the first time they have ever done such a thing rather than huy

from the American and Australian stockpiles. However, there is a very long way to go in the origination of drama, documentary, comedy, arts - virtually all types of programme other than news and sport - before satellite and cable can be seen as anything other than re-packaging parasites. The technology may be wonderful hut we do not watch the technology, we watch the programmes.



Louise Bangay and Andrew Hawkins: faced with a daunting task in Shelley's drama

Theatre/Andrew St George

The Cenci

he hrief career of Percy Bysshe Shelley (1792-1822), poet and etheist, strayed Into drama in 1819 with The Cenci. an ungainly tragedy hravely staged by The Damned Poets Theatre Company at the Lyric Hammersmith Studio.

The Cenci is domestic horror from 1599. The debauched and lohricons Count Francesco Cenci, quavering on the edge of sanlty, tyrannises over his household. Only his daughter. Beetrice, stands up to him. But when he rapes her, the rest of the family, egged oo by a slippery cleric, Orsino, has Cenci strangled to death while he sleeps. The murder ts discovered hy an emissary from the Vatican with a warrant for Cencl's arrest; instead, he brother and step-mother coness under torture, and are sentenced to death.

While Shelley was writing this, his sister was turning oot the much more popular and profoood Frankenstein. Instead of modern science fiction, Shelley looked hack to Greek tragedy and to Shakespeare, the unacknowledged hero of the play. Ceoci is murdered while he is sleeping, like Duncan in Mocbeth; and the assassinatioo is set about with strange noises and finished off with a knocking at the castle gate, agaio like Macbeth.

Shelley's friends felt the same way; the English Romantic poets reinveoted Shakespeare io their own Image. Keats was haunted hy the sound of the surf in King Lear, Coleridge thought he was Hamlet, and managed three plays himself. But oone wrote a play in this obscure-Shakespearean style.

The verhel action is unre-

mitting. Every character comes on impelled to speak; and, io eccordance with Shelley's views on language, everyone here speaks in metaphors so convoluted that it is hard to grasp the point of each scene The melodramatic plot has a dreadful claustrophobia about it. The actors are banched and squashed into a small versatile set (Bruce Gallup) which transports the action from court to prison with a speed

Group 4 could usefully copy. The ecting, under the uncalm direction of Sydnee Blake, responds to the excesses in Shelley's text. The effects on stage range from pointless hluster and overdone pauses through to genuinely felt lines, experienced as they are delivered. Louise Bangay arrests the family. Beatrice's as Beatrice and Craig Pinder as Ceoci have an uneasy time settling into the mutual loathing Shelley scripted for them hut Bangay manages to find variety in her roles as abused daughter and flery avenger. Other highlights are Andrew Hawkins as a limber prelate. and Stanley Lloyd as a politic cardinal. Elsewhere the acting was too frenetic and over eager to do the work of Shelley's own energetic verse.

Despite the intractability of Shelley's drama and the excesses of the actors faced with the daunting task of putting it on stage, this Cenci is worth seeing. The company should be applanded for its nerve. Shelley was writing, as Beatrice says, of "deeds which have no form, sufferings which have no tongue," and it is a bold eoterprise to try to stage them.

Lyric Hammersmith Studio until September 11 (081 741 The Edinburgh Festival

Theatre at the Traverse

ver since it moved (less than two years ago) to its new premises the Traverse has become e hub of Edinburgh life, Especially in Festival time. Even if you are not going there for shows, you use its café (from 10 a.m. till mid-night), you usa its bar (open till early hours), you bump into old chums there. And this year, there is also the new Atrium restaurant. The old Traverse crowded you; this one

has space. If you go to Fringe theatre the Traverse is on your map anyway. This year, even the official Festival has used Traverse terrain, to present the opera double hill Anna and Tourist Variations. But, for most of the the Festival the Traverse is a core venue for Fringe plays. Either of its two auditoria is currently showing four different shows per day (except on Mondays), from 12 noon until 12.30 a.m. plays and actors from Scotland, England, Spain, Belgium, Canada, the States, South Africa. I report here on five Traverse plays from the start of the Festival.

Penetrator (Traverse 2, world premiere), written and directed hy Anthony Neilson, is the best Fringe play I have seen so far in '93 (I write this un Day 8). The worst thing I can tell you of it is that the advance hlurh describes it as "a taut and harrowing journey into the ferocious heart of mascu linity" - though it is taut and harrowing, it is a journey into masculinity, and it sure gets ferocious. It is also a thriller about three young Scotsmen, two of whom are ostentatiously heterosexual and occasionally tease the third one that he's a poof; but all is not as it seems. The title warns you. Penetrator is about sex and threatened death. The real "thriller" aspect of it, during the long and terrifying knifepoint climax, is its series of psychological revelations. Neilson is at his least canny in pacing the final ten minutes, which seem more neat and contrived - though still psychologically riveting. More than that I will not say, except to warn off those who are alarmed by ten-inch knives

and four-letter words; and to praise B.J. McMurphy, Alan Francis and James Cunning-ham for the exceptional conviction and fluency of their

playing.
The Edinhurgh Festival often gives Londoners a chance to catch up with what we missed back home; and 1 am grateful for the chance to catch up with the Ridiculous Theatrical Company (Traverse 2), the New York troupe which recently played at the Drill Hall. Brother Truckers, hy Georg Osterman, is described as "a Comedy Noir" and "the B-movie story of the men who haul trash and the women who love them": which is fair enough. It too is about sex and death - but is a hilarious exercise in intense camp. The heroine, Lyla Balskin

Alastair Macaulay finds sex. death and more hilariously camped up

(Everett Quinskin), is a brilliant Barbara Stanwyck type (with dashes of Bette Davis, Mae West, Joan Crawford and Joan Blondell). The snake-like way she darts her tongue as she names her lover ("Lech", as in Walesa), the smouldering way she hisses out lines like "If you were as bright as your Cleirol treatment, yon'd know", and her final mad scene are highpoints amid wonderful ensemble playing. I'm not sure, but I think my favourite lines was "I'm having difficulty breathing, and, with all due respect to the House of Chanel, this dress isn't making it any easier."

Speaking of camp, Neil Bart-lett's Night after Night is playing in Traverse 1; hut enough already - I covered that Upstairs at the Royal Court some months ego. Speaking of men, the Spanish show Muu! (Traverse 1) is a largely mime cartoon about four matadors. I laughed about six times (it is a 70-minute piece), and I object to the performers' mugging and milking each joke dry. True, it is good to know that Spaniards are

laughing about both hullfighting and the cult of machismo. But, these days, who isn't?

Comunicado, the Scottish theatre company, is presenting its largely non-speaking version of Flaubert's The Legend of St Julian (Traverse 1) with just seven performers. You can just seven performers. You can tell in the first five minutes that the director Gerry Multhat the director Gerry Mul-grew has a flair for poetic stage pictures, for pithy atmo-spheric evocation, for real theatre magic; and, also in the first five minutes, that he hasn't the rhythm to keep his storytelling taut - and the shore lacts 125 minutes. Flankshow lasts 135 minutes. Flanbert's medieval tale is laconic. Mulgrew catches some of its events with striking economy; but he draws out others, and allows composer Jim Sutherland to overdo the misterioso sound effects.

Sleeping With You (Traverse 2) is the only one-man play the Traverse is presenting this year. Written hy Godfrey Hamilton and played by his lover Mark Pintosh, this piece comes from Hawaii's Starving Artists Theatre Company. Despite the fact that it is a deliberate vehicle for one person's actorly virtuosity and a piece of socio-political agitprop (two hig minuses in my book). it is arresting, varied, intelligent, touching and funny standing both inside and out-

side its subject. In Steeping with You, Pintosh plays both Marco and Andrew, shows their affair from different slants, depicts the whole sleaze scene of Hawaii gay hustiers, speaks of gay promiscuity, of serious gay love, and of Aids. Then he relates the hig gay march on Washington D.C.; the organisers yelling "l need to tell you we only have a permit for civil disobedience in this area"; and the "pale queers" from Wisconsin chanting "We're tired, we're bitchy, we want our rights now." Any play that can suddenly make you guffaw out of the blue after an hour, and that can laugh at the cause it preaches. has real control.

Brother Truckers and Night after Night continue until

Novelty concerts from Spain

themes of the festival there has been a delightful pair of concerts from Spain. The Orques-tra de cambra Teatre Lliure arrived in Edinburgh without much of a fanfare and offered little biographical information about itself except that it was founded in 1985 by the conductor Josep Pons and performs 20th-century repertoire.

Its calling-card comprised two imaginative concerts: a pair of Spanish programmes, one of music by Mannel de Falla, the other of Roberto Gerhard, composers from very different artistic backgrounds. If they have one trait in common, it is a liking for strongly-contrasted colours, as we heard quite vividly. The Edinburgh prospectus had advertised the orchestra as "brilliant", an epithet which did not seem excessive after the event.

The Falla concert was held in the Usher Hall, hut probably should not have been. Despite an audience turnont which justified the use of a large hall, the chamber versions of the

scores that were being played in the songs, guttural, raw, full could hardly make the impact of passion - no concert hall they deserved. For one work -Falla's pithy Harpsichord Concerto (wisely performed here in an alternative version for piano) - there were only six players on the platform. Given the novelty of the

pieces the orchestra had brought, one really wanted as immediate a contact with the players as possible. Two of Falla's most popular works were on the programme, but each in a rarely-heard original form: El corregider y la molinera (later to spawn The Three-cornered Hat) and the first version of El amor bruio. The second was the

eye-opener, both because it is longer than the usual version and because its nature is so different. Originally the music developed out of a chain of rec-Itation, songs and dances. It was described as a "gitaneria", or gypsy-piece, folk music at heart in a way that one could hardly guess at from the orchestral showpiece we usually hear. The singer, Ginesa Ortega, gave us real Flamenco

of passion - no concert hall sophistication there.

For the Gerhard programme the orchestra moved to the small Queen's Hall. An irony this, as there were now more musicians on stage than for the largest of the Falla scores. Bnt this was to Gerhard's advantage and even the two very derivative Spanish works that had been included - the Flamenco divertissement Alegrids and the song-cycle Cancionero de Pedrell based on Spanish folksongs - came across with some bite and flair.

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I suspect there is not much of the true Gerhard in either of those. A short cycle of songs to surreal poems written in French by a Catalan poet in the Japanese style proved to be attractive precious, not particularly distinctive. It was the ballet score Pandora, composed in Cambridge in 1942-3, that best showed how dramatic and avocative this composer can be, its sense of enveloping doom typical of the war years.

Richard Fairman

INTERNATIONAL

new channels" which Sky is

BAYREUTH

The final three performances of this year's festival are Werner Herzog'e 1987 staging of Lohengrin Frey, Eva Johansson and Ekkehard Wlaschiha; Dieter Dom'e 1990 production of Der fliegende Hollander (Fri), conducted by Giuseppe Sinopoli, with Bernd Weikl as the Dutchman and Sabine Hass as Senta: and Heiner Müller's new production of Tristan und Isolde (Sat), conducted by Danlel Barenboim and designed by Erich Wonder, with Siegfried Jerusalem and Waitraud Meier in the title roles. Next year'e lestival will include e new Ring production conducted by James Levine and staged by Alfred Kirchner, with John Tomlinson as Wotan, Wolfgang Schmidt as Slegfried and Deborah Polaski as Brunnhilde (0921-20221)

■ BERLIN

This year's festival (Aug 31-Sep 30) is a meeting point between Europe and Japan, with

performances by Tokyo Ballet, New Symphony Orchestra of Tokyo, traditional Kabuki and Noh theatre companies and other Japanese ensembles. There will also be an exhibition at Martin-Gropius-Bau entitled Japan and Europe 1543-1929, with more than 500 objects tracing the development of Japanese art and the influences which Japanese and European art heve had on each other. The main orchestral concerts are conducted by Abbado, Ashkenazy, Barenboim, Maazel, Norrington, Sanderling and Tennstedt, Alfred Brendel and Maurizio Pollini play Beethoven piano sonatas, and there will be a series of Bach recitals featuring Andras Schiff, Peter Serkin, Bruno Canino and Yo Yo Ma, Peter Brook hrings his Paris-based company with L'homme qui (Berliner Festspiele Kartenbürg, Budapesler Strasse 50, D-10787 Berlin. Tel 030-254890 Fax 030-254 8911)

BESANCON

Besançon's prestigious conductors' competition coincides with its annual mueic festival, which runs this year from Sep 4 to 17. Guest ensembles include the Czech Philharmonic under Gerd Albrecht, the Orchestre National de France under Charles Dutoit, the Orchestre National de Toulouse under Michel Plasson and the Hilliard Ensemble. There will also be a special Maurice Ohana commemoretive concert given by Les Percussions de Strasbourg (8181 8226)

■ HEIDELBERG

The final week of this year's open-air

festival at Heidelberg Caetie features Cav and Pag, Romberg'e Tha Student Prince sung in English, and Haydn's rarely staged L'isola disabitata (06221-583521)

HELSINKI The festival, celebrating its 25th

anniversary, opened last night and runs till Sep 12. This week's programme includes recitals hy Jessye Norman, Julian Bream and Tokyo String Quartet. Next week's programme is dominated by orchestral concerts conducted by Jukka-Pekka Saraste, Lelf Segerstam, Marek Janowski and Esa-Pekka Salonen, who hrings the Swedish Radio Symphony Orchestra for two programmes including music by Bartok, Lutoslawski and Lindgren. There are also performances by Ingun Björnsgaard Dance Company, Susanne Linke Dance Company and the Avangil ensemble, which hrings classical and modern Islamic music from Turkey (664466)

LINZ

This year's Bruckner Festival runs from Sep 11 to Oct 3. The opening performance of the Eighth Symphony will be given by the Bavarian Radio Symphony Orchestra conducted by Lorin Maazel, Other visitors include the Hilliard Ensemble with a programme of choral music by Bruckner. Pärt. Purcell and Cage, Solisti Veneti with works by Respight and Wolf-Ferrari conducted by Claudio Scimone, and the Russian pianist Lazar Berman, Horst Stein conducts the Bamberg Symphony Orchestra in Bruckner's

First Symphony, Philippe lerreweghe conducts La Chapelle Royale in Bruckner'e Mass in E minor with wind accompaniment. and the final two concerts are given by the London Philharmonic under Franz Welser-Möst (Brucknerhaus-Kasse, Untere Doneulande 7, Postfach 57, A-4010 Linz. Tel 0732-775230)

PICARDIE The handsome collection of cathedrals and châteaux in the region surrounding Amiens north-east of Paris provides the context for two weeks of concerts (Sep 10-25) spread around 13 different towns. Hungarian music and musicians are strongly represented this year: the Children's Chorus of Hungarian Radio givas three concerts featuring music by Liszt, Kodaly and Bartok, while the Hungarian State Symphony Orchestra and Erkel Chambe Orchestra include works by Leo Weiner and Liszt in their programmes. Yuri Bashmet gives a recital. Joshua Rifkin conducts Bach's B minor Mass and Philippe Herreweghe directs Monteverdi'e Vespers (0546 3185)

PRAGUE In addition to the Prague Spring Festival, the Czech capital has in recent years built an autumn music festival around the distinguished violinist Josef Suk, Entitled Festival of Music Prague, it consists of recitals, chamber music concarts and small-scale orchestral and choral concerts. This year's event runs from Sep 20 to Oct 5, and

features a strong dose of Beethoven, Bach and Mozart alongside familiar and less familia Czech composers. In addition to the Suk Chamber Orchestra, artists at the festival include Yo Yo Ma, Maurice André, Cecile Licad, Rudolf Buchbinder, Viktoria Mullova, Shlomo Mintz, Renato Bruson and Sandor Vegh. Among the more exotic programmes is a choral concert on Sep 25 pairing Schubert'e Mass in G with a Stabat Mater by the late 18th century Bohemian composer Johann Beotist Vanhal. Bookings from Festival of Music Prague, Cs armady 12, 160 00 Prague (fax 526583) or Bohemia Ticket International, Salvatorska 6, 110 00 Prague (fax 231 2271)

TURIN Settembre Musica (Sep 1-19)

features two concerts per day, one in the afternoon and one in the evening, with a total of 18 free events in baroque churches or open-air plazzas. The opening concert this year is given by the Scala Philharmonic Orchestra under Riccardo Muti. Other guest ensembles are the Bavarian Radio Symphony Orchestra under Lorin Mazzel (Sep 4), the Czech Philharmonic with Gerd Albrecht (Sep 5), English Chamber Orchestra with Pinchas Zukerman (Sep 6) and the Kronos Quartet (Sep 16). The tival also has a reputation for contemporary music: a series devoted to Schnittke (Sep 7-11) and two concerts by Ensemble InterContemporaln under David Robertson and Pierre Boulez (Citta di Torino, Assessorato per la

Cultura, Piazza San Carlo 161, 10123 Torino, Tel 011-576 5564 Fax 011-542801)

■ WARSAW Desnite the presence of chamber

ensembles from Lithuania. Czechoslovakia and the Netherlands, this year'e Warsaw Autumn contemporary music festival (Sep 17-25) has a less international look than in the past two years. apparently because of economic problems. Nevertheless, the festival continues to provide e worthwhile international platform for Poland's lively contemporary music scene, with prominent contributions from Penderecki, Lutosławski and Gorecki (Warsaw Autumn, Rynek Starego Miasta 27, 00272 Warsaw, Tel/Fax 022 310607)

■ WEXFORD

For this year'e festival (Oct 14-31), artistic director Baine Padmore has come up with a classic Wexford trio of unjustly neglected or forgotten operas, with six performances of each: Tchaikovsky'e beautiful Cherlylchki The Tearing's Stippers): Palsielio's Il harbiere di Siviglia; and Zampa. Héroid's once-popular 19th century opéra-comique. A full concert schedule gives prominence to Wexford's young singers. Tickets from Theatre Royal, High Street, Wexford, Republic of Ireland (053-2214)

ARTS GUIDE. Monday: Performing arts guide city by city.

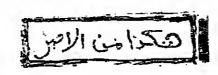
guide city by city. Wednesday: Feativale Guide. Thursday: Festivals Guide. Friday: Exhibitions Guide. European Cable and

Tuesday: Performing arts

Satellite Business TV (All times are Central Euro-MONDAY TO THURSDAY Super Channel: Europeen Business Today 0730; 2230 Monday Super Channel:

West of Moscow 1230. Super Channel: Financial Times Reports 0630
Wednesday Super Channal: Financial Times Reports 2130 Thursday Sky News: Financial Times Reports 2030; 0130 Friday Super Channel: European Business Today 0730; 2230 Sky News: Financial Times Reports 0530 Saturday Super Channel: Financial Times Reports

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Three months ago. Mi Micbael Portillo, the youthful chief secretary to the Treasury made an uncharacteristic error of judgment.

The issue of Britain's public finances, he opined, did not get the kind of public attention that it should enjoy. It was "too technical and arcane to evoke consistent interest from media or the public".

Since making that remark in a speech to the annual dinner of the Association of Invest ment Trust Companies, the state of UK's public finances has hardly been out of the beadlines. Not a day goes by without some reference to the £50bn public sector borrowing requirement axpected by the government for the current financial year or its implications for the government's first unified Budget on November

The Tory party, hardly pausing for breath after the cooclusion of the hruising Maastricht debate, is displaying new divisions over the prospect of painful spending cuts and possible additional tax increases next

Since returning from holiday at the beginning of last week. Mr Portillo, 40, who is currently deputising at the Treasury for Mr Kenneth Clarke, the chancellor, has seemed in perpetual motion from radio car to television studio to discuss the public finances.

Yesterday, looking bronzed and relaxed, he put his views to the Financial Times.

The government had two tasks to achieve. The public finances had to be put onto a sound basis, which meant reducing the borrowing requirement. Indeed, "it is essential for the Conservative government to go into the next election with a reputation for sound public finance and in a position where it can explain that it has the public finances in a state where it can plausibly show the path to a low tax economy".

The second task, be said. was to make sure that the amount of national income which is taken by the state was reduced.

"We are committed to that in tbe manifesto," be said. "In other words the proportion within gross domestic product represented by public spending must be cut. And even if we had a balanced budget today I would be looking to reduce the proportion of GDP spent by government because I believe that the state is too big, people are looking to the state to do too much, and the proportion

Sound money man

Michael Portillo talks to Peter Norman about tough choices on spending

of our GDP spent by the government imposes too great a burden on the wealth-creating

But, in remarks clearly addressed to the Tory right, anyone thinking that this could be achieved easily by cutting public spending was living an Illusion.

Mr Portillo insisted that the discussions on public spending being conducted by senior cabinet ministers in the so-called EDX committee were going well. But the government's

'I believe the state is too big and people are looking to it to do too much'

public spending goals. expressed in terms of its so-called control total, of £254bn in 1994-95 and £263bn in 1995-6 were "very tongb

The control totals, which exclude part but not all of the rises and falls in public spending caused by vagaries in the business cycle, were coming under pressure. "Our present plans would indicate no realterms increase in the control total between this year and next year, and next year and the year after," and yet certain programmes within the totals

tion. These included social security, where non-cyclical payments are rising in real terms by about 3 per cent a year, bealth, education, legal aid and payments to the European Community's common agricultural policy. The government was therefore faced with two difficult tasks.

were rising faster than infla-

"One is to constrain the rate

of growth of those demand-led programmes, and the other is to find offsetting savings in

other programmes The problems of rising social security spending are the sub-ject of one of a series of reviews by the Treasury that are expected to set guidelines for reducing the size of state activity over the medium and longer term. But this process was also informing the options available to the government this year.

Mr Portillo said he "could imagine the state disengaging or reducing its commitments to programmes in the short term". It was no secret that it was studying the rapid growth in payments of invalidity benefit to assess whether it was going to the right people.

But "the rate at which you can alter trends in public spending is severely conditioned by the need to alter commitments and therefore to pass legislation".

ernment bad to look 🖥 or that reason the gov beyond spending at the rate of economic recovery and the possibility of raising more revenue when judging bow it should cut borrowing.

"If we were not now to bring down our rate of borrowing by use of all three means as necessary, we would establish permanently higher rates of bor-rowing, permanently higher rates of interest burden to be funded and therefore permanently higher rates of taxa-

With the Budget more than three months away and the next financial year over seven months distant, Mr Portillo was careful yesterday to keep open the government's options on future tax increases,

But be beld out some bope that the Tory party might not succumb totally to internal strife on the issue.

"I won't deny that there is a debate in the Conservative party. But I think it is considerably less sharp than the one we had in the '80s between wets and dries. All the people debating in the Conservative party are agreed about the need to constrain public spending and the need to have sound public finances. There is a lobbying and jostling around the balance between public spending restraint and taxation increase, and indeed were there to be taxation increases. lobbying about what sort of taxes they ought to be. That seems to me just the normal political interplay.

onstrained by an acute shortage public funds and eager to overhaul the structure, the Mexican government is inviting the private aector to huy huild, and finance projects on a scale that few other governments in the

world have envisaged.

Mexico's telephones, motorways, ports, airports, power plants, water recycling projects and prisons are all now open to private investment. The government also plans to remove the constitutional block on the private operation of railways.

For the programme to succeed, the government will have to persuade both foreign and domestic investors to provide tens of billions of US dollars in funding. It is keen to press ahead because, without sound infrastructure, Mexico would find it harder to compete in the world economy, particularly within the proposed North

American Free Trade Area. But Mexico is only just leaving behind it the problems of excessive debt which it experienced in the 1980s. As a result, many investors are wary of a long-term commitment to it. The investment envisaged by

the government would involve selling off existing state-owned companies and persuading the private sector to build and pay for new projects. The government's current plans would build on reforms initiated three Pars ago when it sold Teléfonos de Mexico (Telmex), the telephone monopoly, for \$5.8bn, The deal required Tel-mex to invest about \$14bn over five years modernising one of the world's most inefficient

telephone companies. Since then, banks and construction companies have been awarded concessions to build about 4,000km of toll roads, costing more than \$10bn. Next montb, bidding begins for Mexico's first private electricity generating plant. Later this year, or early in 1994, ports and some airports are scheduled to

go on sale. Mr Bill Reinhardt, editor of the US newsletter Public Works Financing says Mexico has "the world's most ambitious privately-financed infrastructure programme." He adds; "While most governments talk about this stuff, few want to give up the monopoly power. Mexico is one of the

The impetus has been the poor state of Mexico's basic communications and other amenities. In the 1980s, after Mexico defaulted on its foreign debt and inflation bit triple

Private ambitions on public priorities

Damian Fraser on Mexico's attempts to attract investment in its infrastructure

digits, real public spending on infrastructure fell by an average 9 per cent a year, or more than 50 per cent in a decade. The effects are evident. In parts of the country it can take more than a year to get a telephone. Many trunk roads are riddled with pot-holes. And poor water supply in the arid north baa curbed industrial expansion.

In spite of recent improvements in Mexico's economy, including a fall in inflation to single figures, President Carlos Salinas has made economic atahilisation and debt repay ment, rather than public investment, the government's priority. The government ran a hudget surplus last year, and is currently running another, indicating the squeeze on public funds continues.

While the government is con-vinced of the desirability of private involvement in infrastructure investment, there have, however, been difficulties. Some toll motorways have run into financial trouble, as construction costs have soared and traffic flows have been lower than expected. The \$1.7bn road linking Mexico City to Acapulco is a case in point, it cost twice as much as originally projected. Many construction companies involved have been unable to sell off their equity in it and other roads they have built. And the banks involved have been left with about \$1bn of under-per-

ways.

The main cause of difficulties is the high cost of capital in Mexico. Moreovar, many low-paid Mexicans cannot afford to use the privatised facilities, such as roads, which affects turnover and, with it, profitability.

forming debt tied to motor-

With interest rates highly volatile, but averaging about 7-8 per cent in real terms in recent months, investors are willing to lock in capital for only five to 10 years. This has meant they bave sought to recoun their capital quickly by setting high motorway tolls at about 13 cents a kilometre, five times higher than in the

MEXICO'S TOP 10 PRIVATISATIONS Amount Company Date Telétonos de Mexico (Telm Banco Na \$3_187bt Banch Serfin Multibanco Comennex Controladora Mexicana Jul 93 \$611.9m \$903.3m \$587.1m Banco Mercantif del Norte



President Salinas: bopes private sector will improve efficiency

US. This has made the roads too expensive for most Mexican truck and car drivers.

In an attempt to spread capital costs over a longer period, a category of Mexican infrastructure bond has been introduced. The hope is that, as the economy stabilises, demand for

There is still economic and political uncertainty and investors are wary

these longer-term bonds will

"Mexicans are not used to thinking about the long-term. But once the economy stabilises, then you can go to long-term financing. We are almost there," argues Jacques Rogozinski, head of Banobras, the state development bank.

In the hope of stimulating a market in private sector financing of roads, the government is to approach international financial markets next month with an offer of \$600m in long-term bonds backed by tha state-owned Mexico City-Cuer-

\$475m

navaca toll road. These bonds, "could consti-tute a multi-billion dollar market in a couple of years, given Mexico's infrastructure needs". suggests Christopher Lee, finance director at Tribasa, Mexico's second-largest construction company. Wall Street investors, however, are not so confident. Fears of a peso devaluation, or an abrupt change in Mexican economic policy when President Salinas steps down next year, make many institutional investors nervous about committing themselves to Mexico. For example, a toll road bond

launched last year, and

secured on a road between

Mexico City and Toluca, attracted little international

unsold initially.

"There is still a large amount of economic and political uncertainty in Mexico and investors are wary." says Mr Ron Perry, of Public Financial Management, a consultancy in San Francisco. Infrastructure bonds generally face more hurdles than corporate bonds, he argues, since the foreign currency revenues of an infrastructure project can be hard to predict, are sensitive to nge rate devaluation, and susceptible to price controls or appropriation.

Mr Lee says the development of a long-term market for Mexican bonds depends on Mexican foreign debt being promoted from "jank" to "investment" grade status by one of the main rating agencies, opening up Mexican paper to many US institutions. Both Standard & Poor'a and Moody's rate Mexican foreign debt at the equiva-lent of BB+, one level below "investment" grade.

ntil Mexico gains access to long-term debt markets for project finance, bank loans or direct investment may prove the only alternative to bond financing. For now, the government is looking to foreign power companies to foot the bill directly for the planned construction of 40 electricity power plants, each with an output of 350 megawatts, regarded by ministers as necessary to meet

future energy demands. Even if the \$18bn needed for these plants is forthcoming, investors are likely to stay clear of Mexico's poorest regions, which are in greatest need of improved roads and water supply systems but whose residents have little money to pay expensive tolis

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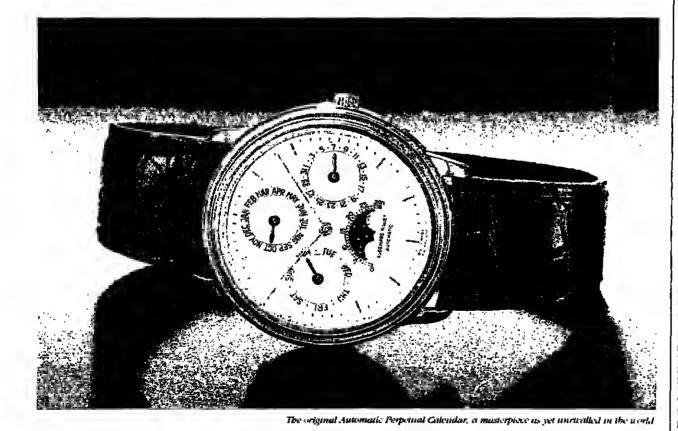
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After failing to convince any banks to finance a motorway linking one of Mexico's poorest states, Oaxaca, with the capital, the government recently agreed to pay for the \$600m motorway, ironically with proceeds from the recent sale of state-owned television stations.

The Oaxaca project highlighted the difficulties of extending the government's free-market principles in the face of Mexico's widespread poverty and inexperience in long-term financing. It also shows that privatisation may not be the straightforward and trouble-free solution to a crumbling infrastructure that

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Price theory cannot apply to environment

From Mr Ben Plowden.
Sir, Your leader describes as "absurd" the resistance of many non-conformists to the notion that everything including rainforests and

whales - has a price ("Valuing the environment", August 19). What is equally absurd is the conviction of economists that everything does have a price, even if it is only a price estimated (by economists) using one of a number of valuation techniques. The logical out-come of this position is that the last whale should be killed or the last acre of open counised) environmental costs. Even if the shortcomings of

present modes of economics can be overcome, which is questionable, there remains the critical moral issue of wbather the current genera-tion has the right to damage irreversibly the environment that will be inherited by our descendants, even if we are willing to "pay" for the dam-

age.
Daly (a World Bank economist) and Cobb argue in relabeginning with the impossible task of calculating full-cost prices and then letting the market determine the right quantities on the basis of these prices, we could begin with the right quantities and let the market calculate the corre-

This principle applies across the board, with the "right quantities" of environmental costs being those that allow society to function within the quantitative and qualita- London SWIW OPP

tryside paved over if the economic benefits outweigh both economic and (fully internal Common Good: "Instead of Defining those quantities will inevitably be fraught with

uncertainty and controversy. It may prove to he more useful and acceptable than waiting for economists to find the "price" of environmentally sus-tainable economic activity. Ben Plowden assistant secretary

energy and minerals, Council for the Protection of

Rural England, Warnick House 25 Buckingham Palace Road

Effects of options on price trends

From Mr Martin Thompson. Sir, Christopher Green's let-ter questions the effects of options on the copper market ("Options rise can stabilise copper market", August 17).
While agreeing with him that options provide a valuable service to the basa metals industries, I would maintain my contention, quoted by Kennetb Gooding in his article "Copper market responds to 'rogue' element" (August 13), that huying and selling hy grantors of options can influ-ence the behaviour of the price in a manner that is indifferent to supply and demand. By having to buy on a rising

market and sell on a falling one in order to protect them-selves, granters of options have always contributed to existing price trends. The volume of such options related buying and selling has now increased to the level at which they can exaggerate such price move-ments, thus increasing the

market's instability.

Any operator in the market who is in a position to deliberately institute a significant movement in the price may well find his efforts powerfully. if involuntarily, reinforced by the many granters of options who have no alternative but to follow suit.

Needless to say, these conditions are not unique to the copper market. Martin Thompson,

6 St James's Square,

Anti-intervention argument is weak

sponding prices."

From Mr John Lovering. Sir, Michael Prowse's main argument against President Bill Clinton's redistributive bndget ("The casa against redistribution", August 16) is as fallacious as it is familiar. Mr Prowse assumes that an individual's pre-tax income is some sort of personal creation, a gift from God or nature. Only taxes or benefits represent a "political intervention". He can

only see politics at work when

it threatens the status quo, not when it preserves it.

Instead of lauding the rich
for shouldering such a large
ahare of the US tax burden, Mr Prowse might consider why they are rich in the first plece. Also, he ought to ask why it is that one of the hardest and most important jobs in society, bringing up children, is done by people who are among the poorest.

oorest.

The fact is that incomes from do any work, Governments are

most liberal economists, would pretend that economic theory can even begin to explain it. Supply and demand schedules rest on social inequalities. The truth is that politics is already inscribed in the so-called "ini-

tial" distribution of income.

Income is indeed a "distribu-

tion" and the unfashionable cake metaphor is not completely inappropriate. Governments cannot but be impli-cated in the way the cake is divided. Employment legisla-tion (or tha lack of it) under-writes the way a few select among the many. Education and welfare policies allocate access to the game. Property rights guarantee the power to receive income from others

employment - not to mention earnings from property - are profoundly shaped by inequali-ties in power. Few, even of the Prowse really has to say is that they should do it his way, favouring those who are already lucky (scribbling apo-logias, I imagine, is quite nicely paid).

To question the distribution of income and to try to tinker with it is, apparently, to commit the archaic sin of plotting a bit of "social engineering".
But there is an awful lot of engineering going on all the time. Mr Prowse's inability to see this, and his delirious idea that politics lives in some sepa-rate domain inhabited by unreasonable types, is pure ideology. There is a lot of it

John Lovering, Department of Geography, University of Liverpool, PO Box 147 Liverpool L69 3BX

Accountancy needs to emphasise 'true and fair'

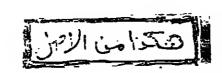
From Mr Desmond Goch.
Sir, it was refreshing to read of recent years can be attri-buted to inadequate standards Roger Davis's argument that accountants and accounts of accounting and anditing, rather than to inadequate users are suffering from a suraccounting standards. Mr feit of accounting standards ("Mass of fine print may Davis's plea for a return to an emphasis on personal judg-ment and the spirit of "true obscure judgments", August 19). While the Accounting Standards Board is husly and fair" deserves to have the support of the profession.

Standards Board is huslly weaving yet another cat's cradle of rules to cover every eventuality in the accounting calendar, too few people have been prepared to stand back to consider if this is really the right road to be travelling.

I take the view that many of the profession.

Regrettably, the professional bodies are busily engaged elsewhere as they seek to fulfil the role of the statutory enforcement agency for the new auditing regulatory regime, which has been thrust on them by a government that shies away from picking up the bill Herts ALS IJX

and the responsibility itself.
Meanwhile, tha leading auditing companies are too busy fighting for the top positions in the league tables that have become the virility symbol of professional status. This leaves them with little time or inclination to take a detached inclination to take a detached view of where company reporting is going, indeed, they probably believe that a complex accounting rule book strength. ens their claim to a monopoly of wisdom in this area.



Equal pay for women

It is a bold move for the Equal Opportunities Commission to take the British government to the Enropean authorities over Britain's alleged failure to implement an effective equal pay law. If it wins, the commission,

whose members are appointed by the government, will have scored a decisive victory for its long campaign against what it sees as half-hearted mechanisms for enforcing the principle of equal pay for work of equal value, regardless of gender. If it loses, the commission will suffer a serious, perhaps ter-minal, loss of influence. There has been talk in recent years about rationalising the equal opportunities agencies, possibly bringing together the EOC and the Commission for Racial Equality.

The commission's case is that in spite of the fact that the principle of equal pay for equal work is enshrined both in the Treaty of Rome and Britain's Equal Pay Act, it is not working well. Proceedings under the act, dealt with by industrial tribunals, are complex and lengthy - taking an average of two and a half years. As a result, there have been unly 23 successful claims in almost 10 years. Since 1990, the commission has urged amendments to the Equal Pay Act without success. The final straw appears to have been the government's decision to ignore equal pay in its most recent trade union bill, while abolishing wages councils, which provide, in effect, a minimum wage in lowpaid industries, such as catering,

where many women work. It is certainly true that the forces driving the narrowing of pay differentials between British men and women have waned in recent years. In 1970, when the Equal Pay Act was passed, the average hourly female wage was 60 per cent of the male. By 1975, when the act came into force, the ratio was 75 per cent. Since then, the figure has only crept up to 80 per cent. It is difficult to be sure how this compares with other EC countries, since comparative figures are judged to be unreliable.

The other side of the coin, however, is that in the 1980s, women found 'it easier than men to get jobs in all advanced economies. This is partly a result in the shift from the manufacturing to the service sector, but also in part because many women are prepared to accept part-time or more flexible working arrangements in return for lower financial rewards. In Britain during the 1980s, female employment grew at about 2 per cent a year, while male employ ment was static. British women may hold down a lot of low-paid and often part-time jobs, but at least they have got into tha workforce. In 1992, 64.5 per cent of British women had jobs, a significantly higher figure than in Germany, France or Italy although lower than in Scandina via or North America, themselves polar opposites in their approach to labour market issues.

This suggests a picture more complex than advocates either of extreme deregulation or tougher laws are inclined to acknowledge especially at a tima when the whole EC is rightly shifting priorities in favour of job creation rather than further regulation of labour markets.

It is not clear that the EOC has adequately recognised this context. Nor is tt evident that its most ambitious demand, that individual equal pay awards should in effect be applied as class actions to groups of employees is practical. One long-running British equal pay case involves a claim by a health service speech therapist (a predominantly female profession) for pay equality with colleagues who are pharmacists (a predominantly male occupation). In a highly competitive world, employers are perhaps also entitled to ask why the process of equalising pay between men and women should necessarily involve raising the remuneration of the latter.

It is ironic that this confrontation should be occurring just when Mr David Hunt is establishing himself in the role of employment secretary. Mr Hunt is, by instinct, more sympathetic to the EOC's starting point than was his predecessor. He should now seek urgently to persuade the EOC that he is serious about speeding up tribunal procedures; if he does this, the EOC should negotiate

Taiwan air

F THE negotiations between Talwan and British Aerospace over their proposed joint venture seem to be dragging, there is room for sympathy. For both parties, the failure of the deal would have serious implications. BAe would be harmed both financially and strategically. For the Taiwanese government, the money is less important than the fact that the deal carries the hurden of an industrial policy which seems to be causing some argument within the administration itself.

Taiwan's basic problem is famil-lar enough. After decades of growth and rising wages, it is no tonger a low-wage economy. At the same time, it lacks the technology to compete at a higher level, for instance with the US or Japan. Like many other countries, it has identified aerospace as one of the crucial technologies of the future. Since it has almost embarrassingly large financial resources, it proposes to buy its aerospace technology wholesale.

The debate revolves around the fact that by comparison with Korea or even Japan, Taiwan has succeeded mainly through the skills of the small-scale entrepreneur rather than those of the large-scale planner or corporation. The other two countries based much of their early success on the art of picking winners. How far Taiwan can acquire the knack at this late stage is an open question.

This in turn leads to the next question at issue, which is whether aerospace is the right horse for Taiwan to back. Full-scale aircraft assembly is rare both in Japan, which has much more of the relevant technology. and in Korea, which knows all about giant-scale planning. Taiwan has yet to develop an independent motor industry, which is in some waya a plausible precursor to aerospace. Taiwan might perhaps argue that it is a special case. Historically it was not allowed to buy western military aircraft, and thus had to start a fighter programme of its own. In the past year US policy has changed, so that Taiwan now has US fighters and a fledgling domestic components industry which is looking for new business.

That is one argument for linking up with a full-scale aircraft assembler. Another is longer term in nature. There is a vast potential market for short-haul aircraft in the Far East generally and China in particular. Taiwan has good assembly skills and still relatively inexpensive labour to marry with BAe's technology. It also has capitat for an industry which is famously cash hungry. If the project did succeed, it could be very rewarding for both parties. All in all, it is not surprising that the negotiators are having a few late

Monks, not devils

THE LAST TIME China tried to cool an overheating economy, in the late 1980s, it did so too late, with a heavy hand and evidently without the benefit of foreign expert advice. The result is history: the economy's hard landing, political turbulence and the international isolation that followed the 1989 Tiananmen square massa-

cre. This time, China's economic overlord, Mr Zhu Rongji, is deter-mined to do things differently. In the last two months, he has moved deftly and rapidly to com-bat rising inflation and curb hel-ter-skelter growth by tightening control over the country's financial system and central bank. His measures have probably come (just) in time to permit a softer landing. As remarkably, Mr Zhu is acting in part on the advice of economists from the World Bank and elsewhere – people whom Communist party bosses would only a few years ago have dis-missed as "foreign devils". The World Bank has, of course, been present in China for many

years and has assisted in Deng Xiaoping's 15-year effort to open up the economy. But the involve-ment of foreign advisers in recent months is the clearest possible indication of Mr Zhu's desire to cool it down without stifling market reform. Moreover, as the bank points out, the measures he has adopted - a mixture of old-style administrative commands and more sophisticated financial finetuning - accurately reflect an economy poised between the distortions of communism and the dynamics of capitalism.

Mr Zhu has a simply gargantnan task in moving further from the former towards the latter: reforms of foreign trade, the tax system, state-owned industry and the welfare state all lie ahead. But in attempting to sort out the financial system first, he has started in the right place. If he perseveres, he may be able to pull off a trick that eluded his predecessors: breaking the economy's boom-bust cycle and engineering a steadier path of growth towards the market.

s the European Community's project for economic and monetary union alive or did it die with the old exchange rate mechanism?

The achievement of Emu is indeed doubtful but not because of the change in the ERM, which is perfectly compatible with a move to Emu. The breakdown in the ERM matters more because of what it signifies. Ultimately, a move to Emu requires a political decision to forge a common monetary policy. The Maastricht treaty did not ensure that this decision would be taken. Events since then have cast serious doubt on whether the politi-cal will to do so exists.

A monetary union could be forged tomorrow. All that would be needed is for the central banks of two or more EC member countries to make an open-ended commitment to support ona another's currencies and, by implication, pursue a joint monetary policy. To the extent that investors would try to convert one money into another, the quantity of the weaker currency would shrink, while that of the stronger would grow. But aggregate money supply of the union would be unaffected. Since a central bank can always create its own currency without limit, such a union is secure, providad the mutual commitment remains in force.

The difference between such an arrangement and the ERM is like that between chalk and cheese. With a limited commitment by the central bank responsible for the strongest currency, the cost of maintaining the weakest falls principally on those responsible for the weakar ones. To reinforce their exchange rates they must increase the cost of speculation, which also raises the costs on domestic borrowers. Since there is a limit to the monetary stringency political realities will allow, no narrow-band parity can be fully credible.

An open-ended mutual commitment is not the only way, in principle, to ensure the main benefits of monetary union. One alternative would be a 19th-century gold standard; another would be a currency board, which is an ohligation to convert foreign currency into its domestic equivalent at a fixed price. But the former was successful because it originated from the use of gold as domestic money, developed via a commitment to convertibility of paper money into gold and, above all, flourished when the political commitment to price stability was unquestioned. As for the latter, it demands a credible subordination of one country's money to another. That may be plausible for the Hong Kong dollar vis d vis the US dollar, it is not for the French franc vis d vis the D-mark.

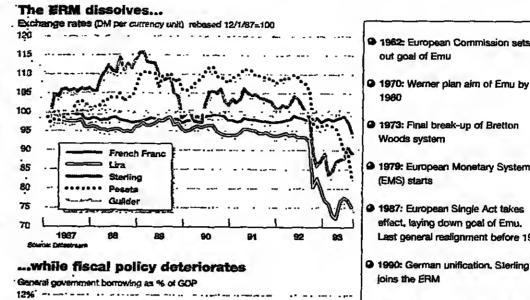
The EC. in short, cannot be a little bit pregnant with Emu. However protracted and complex the courtship, participants must achieve consummation, conception, pregnancy and birth at one specific moment. That moment need not be indicated in advance. But there must be a decisive shift from separate monies with separate monetary policies to a single monetary policy and perhaps a single currency.

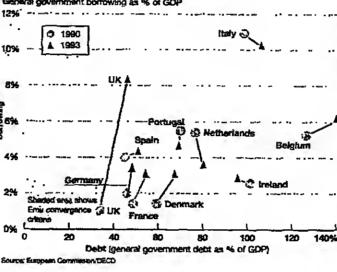
The apparent precision of the Maastricht treaty about how this is to happen is deceptive. in fact the treaty represented a series of awkward, probably unworkable, compromises: hetween the ostensible German willingness to accept the ultimate goal of Emu, if, like Saint Augustine, "not yet", and the desire of the French to move as quickly as possible; between the need for universal participation and German suspicion of some participants, such as Italy, and between the desire to eliminate the Bundesbank's hegemony and its determination to preserva it as tong as possible.

To put off the evil day, while weeding out those deemed unwor-thy, the Germans insisted on tough convergence criteria: to ensure their happy day would come, the French and Italians obtained what looks like a hinding 1999 deadline; to give hope to all who want to join Emu, the convergence criteria are ambiguous; and to give them still greater hope, the European Council is to decide whether a country

Prolonged pangs of a difficult birth

Martin Wolf asks whether the gestation of Emu is following the Maastricht timetable, or could delivery be easier?





meets the conditions on the basis of s qualified majority vote. It is diffistates"; and cult to imagine a treaty more conducive to mutual recrimination. The transition laid out in the treaty contained three principal ele-

· Convergence criteria on inflation, long-term interest rates, fiscal deficils, public debt and participation in the ERM;

 A time-table that is both loog up to six years - and inflexible; and · A leap from the ERM to Emu managed by an untried and as yet non-existent institution. The most problematic of these is

events, but even in principle. The convergence criteria neither make much sense in themselves, nor, at least as important, help Germany to include those it wants to include and exclude those it wants to exclude. They do not, in other words, help to solve the fundamental political challenge posed by the move to Emu.

The criteria in the treaty were that a country shall possess: A currency that "shall have respected the normal fluctuation margins provided for by the ERM of the European Monetary System without severe tensions for at least the last two years before the examination":

· An average nominal long-term interest rate that does not exceed by more than 2 percentage point that of, at most, the three best-performing member states in terms of price stability":

• An average rate of inflation that

"does not exceed by more than 11/2 percentage points that of, at most, the three best performing member A sustainable government finan-

cial position. This is defined, first by "whether the ratio of the planned or actual government deficit to gross domestic product exceeds" 3 per cent, "unless either the ratio has declined substantially and continuously and reached a level that comes close to" 3 per cent "the excess ... is only excep tional and temporary"; and, second, by "whether the ratio of govern ment debt to GDP exceeds 60 per

The EC cannot be a bit pregnant with Emu. Participants must achieve consummation and birth in one moment

cent, "unless the ratio is sufficiently diminishing and approaching" 60 per cent "at a satisfactory pace". is the fate of Europe to hang on such obscurities? Consider just a few of the problems.

The interest rate criterion is not independent, since it will be met if Emu itself is credible. Meanwhile, the inflation criterion is merely a relative, not an absolute, one; and assessment of whether or not it has been achieved is not to be qualified by economic performance.

Most important, however, are the fiscal tests, the ones being most comprehensively violated at the moment (see chart). These tests. too, have only limited logic behind

out goal of Emu 1970: Werner plan aim of Emu by

2 1973: Final break-up of Bretton

(EMS) starts ● 1987: European Single Act takes

1979: European Monetary System

effect, laying down goal of Emu. Last general realignment before 1992 9 1990: German unification. Slerling

1991: Maastricht summit lays down

firm Fmu timetable ● 1992: Sterling/Lira leave ERM

1993: ERM moves to 15% bands

@ 1994: "Second stage" of Emu to start, with creation of European

 1997 or 1999; "Third stage" of Emu envisaged, with permanent fixing of currencies for EC countries meeting

them. Above all, as Mr Helmut Schlesinger, the Bundesbank president, bas realised, they do not differentiate satisfactorily between countries the Germans might accept inside Emu and those they would not. If Belgium, for example, were to be included, despite its fiscal poiicy failure, how could Spain be excluded, just because it failed some other test?

These defects in the criteria are a matter of some importance. This is not because successful passing of the tests is a necessary or sufficient condition for a workable Emu. On the contrary, some seem irrelevant. even perverse. The limitation on fiscal deficits in a monetary union with exiguous fiscal transfers seems particularly inappropriate, interestingly, almost the only criterion that might make sense - the limit on fiscal debt - is the one over which Mr Schlesinger has indicated greatest flexibility. The explanation for this must be political, since the insolvency of a member state might indeed imperil the European Central Bank's independence. The reason the defects matter is

rather different. The tests are essentially an initiation ritual. Applicants for Emu are required to show how committed to monetary stability they are. The problem is that It may prove impossible to agree on who will have passed, unless, as now seems rather probable, everyone is agreed to have failed.

The collapse of the old ERM does not change much directly. On the contrary, it would almost certainly be easier to meet the ERM criterion with 15 per cent hands, if these became "the normal fluctuation margins", than with the 2% per cent bands, which were deemed normal before. What the collapse of the ERM shows is that the initiation itself has been too hard. This under-mines mutual trust and shakes the

political commitment to Emu. For this, there have been two reasons. The first is that the institu-tion in charge of this rite of passage has an incentive to ensure everyone fails. The second is that German unification has given the Bundesbank the opportunity, almost the obligation, to pursue policies likely to ensure they all do. Ironically, German unification was both a spur for the Maastricht treaty and the main reason why it will not be achieved in the way once assumed.

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nification disrupted the ERM by giving the anchor country relatively high infla tion, which drove real sbort term interest rates to intolerahle levels elsewhere in the ERM. Unification also demanded a short-term real appreciation of the resources from the current account surplus into eastern Germany. In a fixed exchange rate regime, the needed appreciation could only be achieved by higher inflation in Ger-many than elsewhere, which, given the Bundesbank's objectives, also imposed a fierce disinflation on Germany's partner countries. Finally, that pressure also created the vicious circle of speculation, higher interest rates and still more speculation which dissolved the old ERM. What are the alternatives now? One possibility would be to press

on regardless. Participants might hope that the problem posed by Cerman unification is now stowly passing, as interest rates fall and the D-Mark depreciates against the dollar, the yen and even the currencies of other EC member states. It would then be possible either to move back into narrow bands, how ever tentatively, or, more sensibly, to leave the ERM as it is until the move to Emu. Presumably, the failure to meet the fiscal criteria would be judged with the benevolence implied by the treaty's ambiguities A second option would be to

accept that the political will to make this transition is lacking. Emu entails a high degree of mutual trust. While the move to Emu could indeed continue more or iess as planned, at least on paper, the political committment to it must be doubted. This is not just a matter of the difficult passage of the treaty in many member countries, though that is revealing. Nor is it a question of the lack of enthusiasm of the Germans, important though that must be. The most significant point is that the Bundesbank policles which disrupted the ERM were pursued, without serious Internal protest, on the basis of that institution's dehatably extreme view of German monetary and economic developments. Never mind Mr Kohl's pro-European rhetoric. Never mind Germany's ostensible commitment to the ambiguous Maastrichi treaty. Just look at the reality of German fiscal and monetary poll-

A third option then would be to force the issue. Those who do trust one another (if any) could make the needed mutual commitment now. There is nothing to suggest the decision would be any easier in 1997 or 1999. Worst of all, if member states just stagger on, pretending to try to achieve these criteria, the political and economic costs for Europe could prove prohibitive. Whatever the economic advisability of Emu itself, it must be senseless to spend six years, perhaps more, subordinating everything to that aim within a recession-mired, highunemployment EC economy. Emu requires the making of an

irrevocable decision. The Maastricht treaty appeared to mean that the decision had already been made. But this was deceptive. Those countries that could plausibly sbare a successful Emu - a far smaller number than the 12, both now and for the foreseeable future - should either take the leap or shelve the idea. If this marriage is to happen st all, it should be made now.

OBSERVER

Word from the grave

■ No surprise that a debate is under way about the future of French monetary policy in the wake of the collapse of the European exchange rate mechanism. But it comes as a shock to learn that it is being led by an ex-King of France, who has not been heard of for nearly 1,500 years, and Galileo, the Italian sunspots expert.

Clovis, the first King of France, is the pseudonym of a writer advocating the surrender of the Balladur government's strong franc policy. Writing last week in Libération, the French daily, he condemned the "Ayatollahs of the Franc fort" and the "theologians of the Bank of France" and urged more expansionary economic

Galileo has a similar view on post-ERM policies. Expounding his views in the Revue des Deux of the strong franc" and blames Balladur and his advisers for the unnecessary pain of their rigid anti-inflationary policies.

However, help is at hand for the embattled government in the form of one Jean-Claude le Franc. He has argued in the pages of Le Monde for continued adherence to policies which have reduced French inflation to just 2 per cent and raised industrial productivity

above most of France's competitors. Calling on the services of the imaginary and the dead reflects the sensitivity of the subject among France's officials, politicians and bankers. But it also reflects a state of shock in the government as it tries to come to terms with the upheavals in the ERM. The real problem for Balladur will come when the civil servants

and bankers who are behind the articles drop their disguises and the debate breaks out of the press. Like Galileo, the government may then be forced to change its views on the way the world works.

Flight of fancy

M One unfortunate side effect of Asil Nadir's sudden flight from British justice is that it has made the more self-important members of the legal profession feel it is their duty to call British Airways boss Sir Colin Marshall as soon as they lose sight of the opposition.

This unfortunate habit was highlighted earlier this week when lawyers for the defendant in a civil claim arrived at the High Court only to find lawyers for the plaintiff, wigs and gowns flying, shouting down mobile phones for the managing director of British

Airways.
Next thing they knew the opponents had obtained an order to halt an airborne BA flight to the Middle East, on the grounds that the defendant was on it.



Luckily for the passengers, BA

refused because its jet was well beyond Frankfurt. And where was Sitting in his solicitor's office helping draft his defence.

Deuce

■ Has Guardian Royal Exchange launched a grand plan to compete with Direct Line and the other fast-growing motor and household insurance telesales operations, or not?

It was impossible to tell from yesterday's announcements about its new direct selling operation.

Of the two sparsely-worded press notices, the one about Ray Pierce. the 47-year-old management consultant who will bead up the new subsidiary, was the most informative. GRE discloses that he is married with two teenage daughters and his interests "include tennis - plays at county level -Information like that is hardly

going to spoil the game of Peter Wood, Direct Line's tennis-playing

Indyscribable job ■ Who is going to replace Andreas

Whittam Smith as chief executive of Newspaper Publishing, parent of The Independent and Independent on Sunday? There is some urgency to fill the post since the planned financial

restructuring cannot get under way until the new chief executive has had a chance to see what is required.
The idea was to have someone

on board in a month or so. but, as gossip on Fleet Street has it, this is proving a difficult slot to fill. One senior newspaper executive, who declined an approach, saye that it is not at all lear where the duties of the new

chief executive will begin and end The plan is that Whittam Smith, who owns 8 per cent of the business, will concentrate on editing the independent and reversing the decline in circulation.

However, he will remain on the board as deputy chairman. So who will really be in charge of the business - the editor/deputy chairman or the ceo? And what happens if the new ceo finds that the paper's problems are so intractable that they demand a change of editor?

Would Whittam Smith dare recommend that the job be offered to someone as strong-willed as Sunday Times editor Andrew Neil, who has been doing his own job for a decade and is said to be Sounds like headhunters Tyzack

are going to bave their work cut out if they are to find the right

Pregnant pause As schoolboys. Jones and Smith

loathed each other: they never kept in touch. Jones became a hishop and Smith an admiral. Years later, Jones is standing at a station, in full episcopal regalia, waiting for a train. And, lo and behold, there on the platform is the hated Smith, in admiral's braid and cap. Seizing the chance to score an unchristian point. Jones swishes up to his old enemy and asks:
"What time is the Bath train expected, station master?" Smith

gives his old adversary a level. naval gaze and replies: "It's due in 10 minutes - but I wouldn't advise travelling in your

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FINANCIAL TIMES

Wednesday August 25 1993



Christian Democrats back foreign policy blueprint | Bosnian

Germany unveils plan to reform EC institutions

PLANS for radical reforms of the main institutions of the European Community, including new rules for majority voting in the EC council of ministers, have been drawn up in Germany in a fresh attempt to create a streamlined, less bureaucratic European

The parliamentary leaders of Chancellor Helmut Kohl's Christian Democrats yesterday approved a blueprint for German foreign policy, clearly identifying their national interest with European integration - leaving an open door for the democratic states of eastern Europe eventually to join the EC.

They also spelt out the need for institutional reform of the EC, to ensure that an enlarged Community, with 16 or more members, remains capable of decisions.

Their ideas may form the basis of a German government initiative to maintain the momentum towards European integration. precisely when doubts about European economic and mone-tary union, and the Maastricht process, are spreading.

tutional reforms to be discussed at October's extraordinary EC summit to celebrate ratification The proposals drafted by Mr Karl Lamers, foreign affairs

Germany wants the new insti-

system in the council of ministers - the beart of EC decisionmaking - which would require

liament, include:

a "double-majority" voting both a majority of member states, and a majority of their popula-tions, to take decisions; a maximum 10-member Euro-

The chief economists at Germany's 12 higgest banks all expect the Bundesbank to this week make a reduction of half a percentage point in the key discount rate, currently at 6.75 per cent. However, inflation is still above 4 per cent, while money supply growth seems likely to remain well above the central bank's target range for some months.

pean Commission, to be selected by the Commission president from nominees by the member states, and approved by both European parliament and the Council of Ministers; there are currently 16 commissioners, two for each of the four larger member states - Germany France, Italy and Spain - and one each for the remaining eight;

 a new rotation of member states holding the presidency of the Council of Ministers, scrapping the present alphabetical system, and leaving it up to member states to nominate large and

China takes external advice

 a ceiling on the membership of the European parliament, regardless of the number of EC member states, to prevent its becoming too unwieldy; the possible creation of a new "European senate" to represent national parliaments directly, in

alected parliament. The plans meet the need for new thinking on institutional reforms to maintain the decision-making balance of the EC, between the large member states Germany, France, Britain and Italy - and the smaller ones. Enlargement to 16 member states will upset that balance, by hringing in several more smaller mem-

a sort of npper house to the

The blueprint was discussed by the joint parliamentary leadership of the CDU and its Bavarian sister party, the Christian Social Union, in Berlin during the past two days.

The full document seeks to ldentify a unified Germany's clear national interests in the post-cold war world. It concludes that they are dominated by a paramount need for stability in both eastern and western Europe, which in turn means a European union in the west, with the firm prospect of eventual EC membersbip for the east European democracies - without a timescale

"swap centres" in which foreign

source of the overheating is

excessive fixed investment growth, facilitated by an accom-

modating monetary policy," the

China's economy grew 13 per

cent in 1992 and the annual rate

of growth rose to 14 per cent in the first half of 1993. By mid-year

inflation was edging over 20 per

cent in big cities and the yuan

was weakening as low Chinese

interest rates made it attractive

Much of the investment in

fixed assets - which was rising at

a 70 per cent annual rate in the first half of 1993 - was by local

governments which rushed to

establish property and industrial

down both on the lending and on

A number of other actions rec-

ommended by the foreign team

have since been taken or begun,

and further moves - particularly on reorganising the financial sys-

tem - are expected after further

consultations with the World

the local authorities.

Bank.

FT WORLD WEATHER

to bold foreign currencies.

report said.

"It is clear that the main

currencles are mainly traded.

peace envoys, Lord Owen and Mr Thorvald Stoltenberg. Meanwhile, United Nations' efforts to take an aid convoy into the contested city of Mostar failed yesterday. Croat forces refused to let the convoy into the east of the city, where some 55,000 Moslems have been trapped for more than two months with little food. A spokesman for the UN High Commissioner for Refugees said that the Croat forces had refused to let the convoy pass until various

War crimes tribunal

foreign minister, decounced the map put forward last week at the Geneva peace talks for "reward-ing the aggressor, and punishing the victim". The proposal is due to be debated by the Bosnian assembly later this week.

Speaking on behalf of Mr Alija

Izetbegovic, the Bosnian president, he said it was unlikely that an agreement would be accepted unless there were big cooces-sions. He cited towns where Moslems had comprised the majority before the war until Serb forces expelled or killed them.

In an attempt to step up pressure on bis Moslem adversaries, Bosnian Serb leader, Mr Radovan Karadzic, relterated warnings that if the Bosnians rejected the deal they would face more war. However, Mr Mire Lazovic, speaker of Bosnia's parliament, dismissed the need to endorse the proposals by the August 30 deadline set by the international

western allies to organise rapid airdrops of food to Mostar. "We are at the last resort stage. We are asking them to see What they can do and get moving as soon as possible," a spokesman said.

Warning to Croats, Page 2

denounce proposed By Laura Silber in Belgrade, Gillian Tett in London and

US officials have said that a warning of possible air strikes issued hy Nato applied not only to the Serbs besieging Sarajevo

Moslems peace map

to divide their republic. Mr Haris Silajdzic, Bosnia'e

OPPOSITION to international peace proposals appeared to be mounting in Bosnia yesterday after leaders of the Moslem-led government lambasted the plan

demands were met. The UNHCR last night asked

A UN protection forces spokescontinuing yesterday between Croat and Moslem forces around Mostar, although the UN could not confirm reports by Serb, Croat and Moslem press agencies that fighting had flared again in central Bosnia and other regions. Amld mounting international

ontrage over the fate of Mostar. Washington continued to raise the tone of its warnings to the

but also to other groups preventing the delivery of humanitarian

THE LEX COLUMN Abbey's swap shop

hallmarks of a one-product company with surplus capital and a desperate desire to diversify. After its embarrassing mistakes in estate agency and French commercial lending, it is now teaming up with Baring Brothers to offer swap business to corporations. That certainly marks a departure from its retail traditions and the fear must be that, like other attempts at diversification, it will end in tears. The only consolation is that Abbey's treasury business has a good track record and now accounts for over 20 per cent of profits. Abbey does have some swaps market experience from its activa

Eurobond borrowing programme. Yet it is stretching things to claim much synergy between mortgages and the swap market. The latter makes more sense for Barings, which has qui-etly scooped up the twin advantage of access to Abbey's capital and its credit rating. Abbey prefers to present the venture as little more than an interest-ing sideline. Having tested the water, though, the natural inclination will be to go in deeper. It would not take long before top group management, which has no experience of the sharp end of the derivatives market, is out of its

The fate of TSB's attempt to diversify into big licket commercial lending may prove instructive. Still nursing its wounds, TSB now again sees its future in retail business. It paid a heavy price for trying to behave like Citibank. Abbey would risk a similar fate if it tried to emulate Bankers Trust.

The combination of Britannia Arrow and Invesco of the US in 1988 aimed to create a global fund management business. The ambition remains intact, but the performance of the shares for most of the intervening years underlines that a fund manager's franchise is easily tarnished. The company's mismanagement of Drayton Consolidated investment trust and links with Mr Robert Maxwell left a sour taste. Litigation relating to the Mirror Group Newspapers pension fund still looms. Until that issue is resolved - preferably outside court - winning business from other UK pension funds will be

But with investment markets reaching new peaks and the US business making gains, Invesco's problems in London look like a local difficulty. Sales of mutual funds to US private investors show no sign of slowing. US FT-SE Index; 3049.3 (+7.3)

Share price relative to FT-A All-Shere Index

institutions are distant enough from the Maxwell case not to care. The 350 per cent rise in the shares since last September outstrips even the startling gains seen elsewhere in tha

That is not to deny the legacy of past mistakes. Winning institutional business in continental Europe is proving difficult, and will remain so until Invesco regains the confidence of institutions closer to home. Rebuilding the balance sheet means slower dividend growth than might otherwise be the case. While investors keep faith in the upward momentum of world stock markets, though, that will not take the shine off invesco's shares.

British Aerospace

McDonnell Douglas almost got to the altar with Taiwan Aerospace Corporation before being jilted, so it is not beyond the bounds of possibility that British Aerospace's proposed joint venture could collapse. TAC's previous failure will doubtless spur officials to great efforts, since a reputation as an unreliable partner would hardly help Taiwan gain a foothold in aerospace. Even so, a lack of political consensus could still scupper the deal,

Failure would not be as heavy a blow to BAe as would have been the case six months ago. The management has delivered on several other promises. Perhans even more importantly BAe has renegotiated its banking lines so that the previous constraint on the net worth of the group has been removed. That had curbed the company's ability to rationalise its businesses hy limiting the amount which could be written off from its balance

of the provisions set aside for the regional jet business if the Taiwan deal succeeds, reorganisation of its missiles and turboprop operations can

go ahead regardless.
Failure would, bowever, carry a cost. BAe would lose the £120m which Taiwan was to have paid into the joint venture, and the company would have to use between another £150m and £200m of the provisions it set aside to close plant. There would also be a blow to the carefully constructed credibility of the new management team. That would be unfortunate, given that many investors are only now being lulled into forgetting BAe's past.

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Medeva

There is more than one reason to be cautious about Medeva. Management is taking the right steps to prove that its recent profits warning was an iso-lated incident and to satisfy the US Food and Drug Administration that production facilities are up to scratch. But yesterday's figures show that Medeva is not immune from the problems afflicting its more established rivals. Prices paid by big US customers of its IMS subsidiary were lower in the first half of this year than last. The steady price cuts demanded of all drugs companies by the NHS will act as a drag on profits growth in the UK. Competition from cheap generic prod-ucts held back profits in the first half. Even if Medeva can finally convince there is no chance of another nasty shock, these are reasons not to send the shares back to the dizzy multiple

UK regulation

Once again, a prosecution brought by the Serious Fraud Office has col-lapsed. In the latest instance, the judge was even moved to question whether the whole matter might not have been more effectively examined by the regulatory authorities than the

riminal system. That strikes at the heart of the current problem. The SFO has failed to manage the investigation of complex fraud in an effective way. Yet even if some allegations were better pursued through civil actions and the threat of exclusion from professional bodies, the current self-regulatory organisations are ill-placed to handle the task. Since the Financial Services Act has not so far proved equal to the task, the case for wholesale reform grows stronger.

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in effort to slow economy By Alexander Nicoll, Asia Editor, nor of the People's Bank of China, the central bank. On July vided by rising inflation and a widening gap between the official exchange rate and the rate in the , be stated that China "must rec-MR ZHU RONGJI, China's tlfy financial order and

strengthen financial discipline".

On July 11, he raised interest

vice-premler in charge of the economy, acted to slow the country's rapid economic growth after receiving recommendations from international advisers whom he called the "foreign monks".

The ceam's involvement in the formulation of economic measures reveals a remarkable degree of openness to external advice on the part of Mr Zhu. The vice-premier's term for the

foreigners, according to a particlpant in meetings beld in China in June, was "his way of saying that outsiders sometimes have greater wisdom because they can look at things from the outside".

The team, mainly from the World Bank but including several other foreign economists, recommended a package of measures to cool the overbeating economy at the end of a three-day meeting with Chinese officials at Dalian, on China's north-eastern coast,

on June 10-12. Their suggestions included increases in interest rates, much tighter control of the financial system and curbs on capital spending by local governments.

The World Bank team first met Page 3 ☐ Beljing seizes financial controls ☐ China and Vietnam open

Editorial CommentPage 11

Mr Zhu in Beijing. He asked them wbether they believed the economy was overheating. When they answered that they were convinced it was, he asked them what actions they would advise. The team then went to Dalian for the annual session with min-isters and top officials of the ministry of finance, the People's Bank and the System Reform

HIGH

overseeing the restructuring of the economy. The recommendations, a copy of which has been obtained by

Commission, the agency which is Mr Zhu's response was swift. On July 2, he took over as goverthe Financial Times, said evi-Europe today A moderate northerly air flow has resulted in a cool polar air mass covering much of

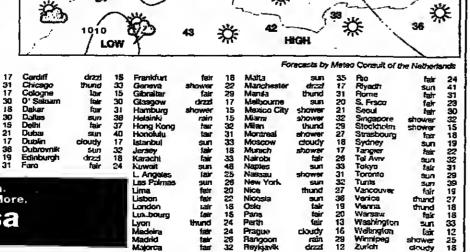
Europe. Widespread showers and thunder will develop as the cold air meets the tropical heat over the south. Heavy showers are expected over northern Spain, southeastern France, Austria, Hungary and parts of tha Ukraina. Rather cool and cloudy conditions will prevail in the North Sea countries and Scandinavia. Britain will have only a few sunny periods with outbreaks of light rain likely in the north. A disturbance crossing the Baltic states will produce rain and particularly low temperatures. The Mediterranean and south-east Europe will

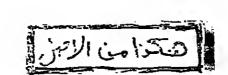
continue sunny and hot. Five-day forecast

After weakening temporarily, an area of high pressure over the Atlantic will strengthen by the end of the week, bringing more settled conditions to the western part of the continent. The frontal zone moving over the Alpine countries will initially trigger some thundershowers, but a gradual improvement will begin on Saturday, it will remain quite cool and slightly unsettled over Scandinavia and the Baltic states.









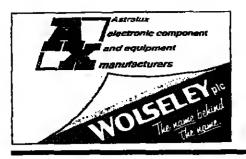
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Strong

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weak sales

hit Honda



FINANCIAL TIMES **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1993

Wednesday August 25 1993

INSIDE

Unidanmark on track as it returns to profit

first half, compared with a loss of DKrt 47bn in the same period last year, was in line with the recovery strategy drawn up last autumn. Page 14

Restructuring lifts Trygg-Hansa

Lower underwriting losses and heavy investment gains enabled Trygg-Hansa SPP, Sweden's leading insurance company, to report improved results for

Weak sales and a strengthening yen pushed Matsushita Electric's first quarter consolidated pre-tax weak demand in its home market as consumer

Rosy futures in Austria

The Austrian Futures and Options Exchange (OTOB) which opened 15 months ago has become a bigger draw than the Vienna Börse. The contract value of OTOB's stock options is regularly three

Guardian Royal Exchange, the composite insurancegroup, is to launch a new subsidiary to sell motorand home insurance direct to the public,

Graseby to cut pay-out

The electronics group, Graseby, is to cut its final dividend to retain more funds for expansion despite pre-tax profits up 18 per cent to £4.87m in

Wace doubles to £7m midway

Cost cutting helped the restructured Wace Group, the pre-press and specialist printing company headed by Mr Frans ten Bos, to more than double pre-tax profits from \$3.3m to \$7m in the half year to the and of June 1993. Page 19

controlled auminium smelters generate embarrass

ing amounts of red ink. Now the government has announced that if will reorganise the aluminium sector by selling some assets and seeking new private investors. Page 20

companies, has fallen 4 per cent as investors have

Base Rawing Gues	20	MUMOU SINTE SELVICA	Z1-4J
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Honda	13	Stanelco
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INN Realty Hotel		Svenska Handelsbank
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Instant Zip Up	18	Thom EMI Security
Intel	1	Tiphook
Invesco	13	
Ipalco	15	Unidanmark
John Deere		Wace
Kerry	19	
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Chief price changes yesterday

LEGGG.				10000			
Bayer-Hypo	454	+	5.5	Bongrain	2750	+	95
Degussa	366	+	5.5	Fromageries Bel	4650	+	128
6€HE	409.5	+	17	Gal Latayette	1614	+	104
Lethelt	615	+	6	Havas	454.8	+	13.7
Lofthsona Pri	134.B	+	3.6	Istribail	495	+	15
Falls	_			Falls			
Volkswapen	368	-	6	Doks de France	570	-	19
NEW YORK	5)			70KYO (Yen)			
Alses				Rises			
Caterollar	82%	+	2%	Kyocera	6160	+	150
Chrysler	421/4	+	14	Materia Corp	921	+	21
Ford Motor	51%	+	1	Sarryo Bec	445	+	23
John Deere	73%	+	5%	Falls			
Roper Intis	67%	+	514	Ricoli	795	-	13
Palls				Settou Corp	434	-	27
Pfizer	6224	-		Zexes Corp	642	_	20

acė)				_		_
			Starringe Props	27	+	3
	+		Taylor Woodrow	137	+	6
	+		Tennel Diago	165	+	71
	+	13				5
	+	- 7				-
15774	+	8%		215	+	32
72	+	5	Falts			
184	+		Aerospaco Eng	23	-	3
19	+	5		64	_	5
	+	10		179	_	6
148	•				_	7
81	+	7		-	-	•
109	+	15	Rha	26	-	7
838	+	25	Tate & Lyle	394	-	11
	105 645 82 146 1577 72 184 19 63 148 81	105 + 645 + 82 + 146 + 1577/r + 72 + 19 + 63 + 148 + 81 + 109 +	108 + 19 645 + 25 82 + 13 146 + 7 1577 + 8° 72 + 5° 184 + 8 19 + 5 63 + 10 148 - 8 81 + 7	Sanntope Props. 106 + 19 Taylor/Woodrow 645 + 25 Teynet Diago 82 + 13 Wacc 165 + 7 Warnford Ines. 72 + 5 Palls 19 + 5 Carrie (I) 63 + 10 Graceby 63 + 7 Monts Aarby 109 + 15 Rhs	Standage Props 27	Stantage Props

Svenska Handelsbanken confident after return to operating profit

Denmark's second-largest bank group, Unidan-mark, said its profit of DKr483m (\$69.77m) in the

the first six months as the group restructured after big losses last year in the country's banking crisis. Page 14

Lower demand for Matsushita

profits down 7 per cent to Y33,7bn. The Japanese consumer electronics group continued to face spending tailed away. Page 15

times as great as the volume of sales in the under-lying shares. Page 18

GRE gets on the phone

underliningthe growing popularity of direct telesal soperations in the UK market, Page 17

the six months to June 30. Page 18

Venezuela reshapes aluminium

Venezuela is among the world's lowest cost pro-

ducers of primary aluminium, yet the government-

Cautious mood in Israel

period of cautious consolidation after the market nearly doubled in 1992. Since January, the Mishtanim index, which covers the 100 most traded shied away from blue-chip stocks. Back Page

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DayG-11YUU	747	•		autylair		•	
Degussa	366	+	5.5	Fromagenes Bel	4650	+	129
GEH€	409.5	+	17	Gal Ladayette	1814	+	104
Lethell	615	+	6	H3vas	454.8	+	13.7
Lofthson; Pri	134.B	+	3.6	Limital	495	+	15
Falls		•		Falls			
Volkswapen	368	_	6	Doks de France	570	_	19
NEW YORK	257		-	70KYO (Yen)			
Alses				Rises			
Caterpillar	82%	٠	274	Kyocera	6160	+	150
Chrysler	421/4		34	Nikon Corp	921	+	21
Ford Motor	51%	+	1	Sarryo Bec	445	+	23
John Deere	73%		5%	Falls			
Roper Intis	674		515	Ricoh	795	-	13
Palls	•	•	•	Settor Corp	434	_	13 27
Pfizer	62%	-	.	Zenei Corp	642	_	20

The tax-free label helped M&G raise £376m for two new issues in 1991-92. The fall in hase rates now makes many high-yielding investment trust Peps look very competitive with building society returns, creating a further incentive for private investor buying. The private investor has also been drawn back into the world of trusts hy the revival of the

Bank plans SKr2.7bn share issue By Christopher Brown-Humes in Stockholm

SVENSKA Handelshanken yesterday announced plans to raise nearly SKr2.7hn (\$333m) from shareholders after demonstrating a strong recovery in first-half operating profits and confidence in future pros-

The hank wants to be able to meet increased loan demand as the Nordic economies recover and to expand its office network

By Laurie Morse in Chicago

the south-east.

EARNINGS of Deere and Company, the US

agricultural equipment manufacturer, surged in the third quarter amid signs

that confidence is returning in the North

American agricultural economy.

Deere said retail sales of combine har-

vesters and tracturs continued to improve

in the quarter, in spite of record rains in

the US Midwest and drought in parts of

US farmers, who have been conservative

about new equipment purchases because

of their cautious outlook on the economy,

he investment trust industry is enjoying a revival.
According to SG Warburg.

the average discount to net

assets, the key measure of the

sector's health, recently touched a 20-year low of 8.7 per cent. In part, this is because of the

bull market in equities. Trusts,

as collective funds which invest

In shares, are a simple way for

Investment institutions and pri-

vate individuals to move quickly

The investment trust sector,

worth £20bn (\$29.8bn), has pro-

duced an impressive performance

over the past 12 months, as

assets have risen and the dis-

counts have narrowed. Over the

66.7 per cent, according to the

Companies. The FT-A investment Trust index reached an all-time

But to understand why the

industry is currently so healthy.

one has to go back to the prob lems the sector faced in the late

It was originally set up as a

means of giving the private

investor access to a wide portfo-

lio of shares, but by the 1970s

historical accident had caused trusts' shareholder registers to be dominated by the life insurance companies and pension funds. Many of those investment institutions thought it more cost efficient for them to manage their own portfolios, rather than pay 8

fee to an investment trust company to do so. They were thus

willing sellers of investment

Since the price of investment trust shares is set by supply and demand, this led to the wide discount at which trust shares

Investment trust managers

spent the 1980s attacking the dis-

count problem in two ways. The

first was to bring back the pri-

vate investor, in order to create

enough huyers to offset institu-

tional selling. The second was to

find new ways of persuading

Trusts had faced a crucial prob-

lem in attracting private inves-

tors; as stock market companies, they were unable to advertise

their shares. in 1984, Foreign &

Colonial, one of the leading trust

groups, hit upon an ingenious

solution: a savings scheme,

which allowed investors to buy small amounts of shares each

month. From small beginnings

(£89,504 invested in 1984), savings

schemes have grown into an

important source of demand for

shares, with £102m invested in

The introduction of Personal

Equity Plans also helped the

industry to attract new investors.

income and capital gains made

within a Pep are free of UK tax.

For a brief period, investment

trust new issues were the only way the small investor could put

the full £6,000 annual Pep allow-

ance into a diversified portfolio.

the first balf of 1993.

institutions to buy the trusts

management expertise.

traded in the late 1970s.

trust shares.

1970s.

high of 1706.89 on August 18.

into the stock market.

in the region. It says a stronger halance sheet should also

improve its credit rating. It is the fourth Nordic bank to announce plans for a hig share issue in less than two weeks, following similar moves by its Swedish rival Skandinaviska Enskilda Banken and the Finnish banking groups Kansallis-Osake-

Pankki and Unitas. All are taking advantage of higher share prices and a belief that the worst of the Nordic

industrial sales.

to remain weak.

shrugged off past problems is overreaching itself

Philip Coggan asks if a £20bn sector that has

their balance sheets and stave off a credit crunch when loan demand rises.

issue is being made at SKr35 per lift the hank's capital adequacy ratio from 10.3 per cent to 12.3

farmers help Deere earnings top

have excellent prospects in much of the

country, said Mr Hans Becherer, chair-

As well as strong agricultural sales, Mr

Becherer said heavy rainfall and improv-

ing economic conditions boosted demand

for Deere's lawn-care equipment, while

increases in housing starts and higher

public construction expenditures in the US

are also expected to benefit the company's

However, he said overseas demand for

Deere's third quarter earnings surged to

Deere agricultural equipment is expected

per ceot. The bank's first-half operating profit was SKr837m, against a Skr658m loss in the same 1992

\$9.1m or 13 cents per share in the third

In the quarter Deere's North American

sales of all equipment products rose 26 per cent to \$1.3bn, compared with \$1bn in the

third quarter of 1992. Overseas sales rose 2

per cent to \$436m. Net worldwide sales

Sales of agricultural equipment rose 16 per cent to \$1.1bn, industrial equipment

sales were up 27 per cent to \$396m and

lawn and grounds care equipment sales

were \$2.05bn, up from \$1.75bn.

Handelsbanken's oce-for-two share, a deep discount on the SKr128 level at which the shares closed yesterday. The issue will

quarter of 1992.

shares fell SKr18, or more than 12 per cent. from SKr146.

Operating profit hefore loan losses rose 34 per cent in SKr4.46hn, helped hy a 10 per cent increase in net interest income and a 1 per cent cut in

personnel expenses.

Credit losses remained high at SKr3.63hn, or 2.6 per cent of total lending, reflecting the long Swed-ish recession and the collapse in the property sector. Non-performing loans were slightly ahead of

their year-end level at SKr15.8bn. The bank did not give a full-year forecast, but said it intended to resume paying dividends on its ordinary shares this year. Handelsbanken now ranks as

Norway's fifth largest comm

cial bank, and it plans to build its operations in Denmark and Fin-It is also one of a number of parties interested in buying parts of Gota Bank which the Swedish

plans to boost output of all products by about 10 per cent this year with agricul-tural equipment tonnage scheduled to rise

8 per cent. in the final quarter of 1992,

Deere cut production savagely to reduce

taken in the second quarter to reduce the

European operations, Deere's worldwide

net income for the first nine months ended

This compares with last year's \$33.2m or

44 cents per share. Sales for nine months

July was \$182.7m, or \$2.39 a share.

Before a \$80m restructuring charge

vernment wants to return to the private sector.

THE rapid appreciation of the yen and weak demand in leading markets depressed first-quarter consolidated profits at Honda, the Japanese carmaker, which yesterday reported a 62 per cent drop in net income for the

period. period.

Honda saw consolidated revenues in the three months suded

June fall 17 per cent to Y919.6bn

(38.9bn) against Y1,112bn. Pretax profits fell to Y15.3bn from

Honda said it had been affected by the sharp rise of the yen which hit profits in its largest markets overseas, particu-larly the US, where it sold more cars than in its home market.

The company is re-examining its forecast of Y4,000bn in revennes for the year, which was made on expectations of an average yen-dollar exchange rate at Y115 to the dollar. The dollar has recently been fluctuating closer to Y103.

The rise of the yen has led to a loss of Y25bn, even after taking into effect any gains made from hedging, Honda said. Motorcycle sales were firm in unit terms, rising 12 per cent

from the first quarter of last year. However, because of the higher yen, sales in the division were 2.6 per cent inwer at Y146bn.

Honda has seen strong demand for its motorcycles in the US and Asia, excluding Japan. Demand in the US rose strongly as Honda has offered more higher val-ue-added models while growth in Asia was spurred as incomes in the region have risen.

Car sales fell 21 per cent in value terms to Y704.9bn and 11 per cent in unit terms, reflecting the weak demand in Honda's leading markets ontside the Asian region, excluding Japan.

The current level of the yen
will make it very difficult for us

100

 $(\mathcal{A}_{\mathfrak{H}^{-1}})$

 $A_{\rm total} \approx 300 \mu s$

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to carry out our operations," Honda said. It has been forced to raise US prices once this year and would suffer if it raised them again. Honda expects to shift more production overseas. Exports from its US plants could increase

not only to Japan where its USmade Accord is selling well, but to other parts of the world. The company has cut costs, reduced one of its lines in Japan to one shift, cut the number of seasonal workers by about half and transferred some car staff to

the more buoyant motorcycle

rose 24 per cent to \$240m. were \$5.58bn, up 10 per cent from the \$5.07bn of the first nine months of 1992. In response to strong demand, Deere Invesco profits up at £23m midway

high dealer inventories.

By Norma Cohen, investments Correspondent

INVESCO, the UK-based fund management company, reported pre-tax profits of £23m for the six months ended June 30, up sharply from £926,000 the year before, when exceptional charges offset almost all the company's profits, Profits before exceptional items were £18.9m, against

Mr Charles Brady, chairman, said all areas graw except inves-co's UK institutional fund management businesses. There, the company's husiness has been hampered by civil charges filed against it hy the Mirror Group Pension Scheme in connection with assets it formerly managed on behalf of former Maxwell company employees. That case is due

to be heard in January. He hoped that an out-of-court settlement could be reached. Invesco's auditors qualified the accounts because of the claims and Mr Brady said he did not expect the 1993 accounts to be similarly qualified.

Profits were helped by a £4m gain from disposals.

unchanged at 1p per share. Earnings per share were 7.1p against losses of 1.4p. Mr Brady said the improved profitability also reflects strong

The interim dividend remains

growth in the company's North American operations where there has been a surge in mutual funds under management and strong growth in the management of "money purchase" pension plans. Development of those husinesses has also prompted a sharp rise in expenses to £55.3m from £50.4m. Funds under management grew to £43bn (from £31m). North

America contributed pre-tax profits of £22.1m (against £15.6m) while Europe turned around to a profit of £2.3m from a loss of Mr Norman Riddell, chief executive of the company's European operations, said it will be at least

two years before Invesco's UK institutional husiness recovers. The company needs to remain in that husiness "because if you cannot demonstrate your ability in your own market, you cannot convince people in other mar-

Lex, Page 12

operations.

Change of Telephone Numbers

With effect from Tuesday 31st August 1993, there will be a change to our telephone numbers:

Chemical Bank

Telephone: 071-777 2000 Facsimile: 071-777 4727

(main switchboard)

Chemical Investment Bank Lim

Talephone: 071-777 4000 071-777 4747

Facsimile:

Chemical Futures & Options, Inc. Tsisphone: 071-777 4402 Facsimile: 071-777 4779

These changes are being made in anticipation of our phased London relocations to new European Headquarters. The relocations commence on Tuesday 31st August and will be completed on Monday 11th October.

> 125 London Wall London EC2Y 5AJ

(main facsimile)

(main switchboard)

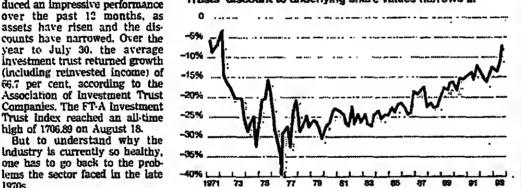
(main lacsimile)



Evolution pushes investment trusts past a fitness test

UK Investment Trust sector

Trusts' discount to underlying share values narrows ...





split capital sector. Traditional investment trusts offer a mixture of income and capital growth. But for tax reasons, many investors want only one or the other. in a split capital trust, all the revenue goes to one class of share, while the capital growth goes elsewhere. A typical split might be income shares (having a high yield hut a modest repayment value), zero coupon shares (having no yield but offering steady capital growth) and capi-

offering highly geared capital B ecause such shares can be highly tax-efficient (especially when held in a Pep). there is plenty of demand for split capital trusts shares. Such trusts often stand at a premium, rather than a discount, to asset

tal shares (having no yield and

The secood trick - keeping the interest of the investment trust institutions - has been achieved hy specialisation. In the 1970s. the sector was dominated by the generalist trusts, which offered either an international, or a UKbased, spread of shares, Neither kind offered any added value to

the institutions. But a trust specialising in, say, Thailand or Korea offers an investment opportunity which even a large institution might find too costly to pursue on its own. There is sufficient demand to ensure the shares do not stand at a discount

Thus, the 1980s saw a ruthless

evolutionary process in the sec-

tor. Old generalist trusts, stand-

ing at heavy discounts, either disappeared to predators looking for chesp assets or restructured themselves as geographical spe-cialists, or split capital funds. New issues tended to be specialised, rather than generalist.

So is the newly reformed investment trust sector hetter placed than ever or has the recent rally been overdone? Some trusts certainly stand at apparently unsustainable premiums; shares in Templeton Emerging Markets, for example, trade at a premlum of 17.6 per cent. in other words, an investor has to pay £117.60 to get £100 of assets. Whether the sector discount

has moved to a permanently

lower level is a more difficult Mr Lewis Aaron, analyst at SG Warburg, does not believe so. "Private clieots tend to be fickle. If we had a correction in the market, discounts could well widen." he says. Just as investment trusts are a quick route into the stock market, they may be the first thing investors sell when

sectiment changes. Even if demand does not fall, supply could tip the halance. With some trust shares at a pre-mium, existing managers have taken the opportunity to issue new shares to soak up demand. Other managers have brought new trusts to the market

According to SG Warburg, the sector has raised a net £775m since the end of September 1992, with more new issues in the pipeline. There may come a point when the sector overreaches

and robotics group into a merger with the venerable but

flagging Swiss power engineer

ing group Brown Boveri, the new ABB Asea Brown Boveri

has hardly paused for breath. But a new streamlined man-

agement structure unveiled by

Mr Barnevik yesterday sug-gests that this uniquely multi-

national industrial group could

move even faster in the future

has acquired some 60 compa-

nies all over the world, some of

them, such as Combustion

It has also marched boldly

into eastern Europe, buying up rundown engineering compa-

nies and successfully injecting

western managament tech-

niques. More recently, it has

focused on fast growing Asian

markets for its beavy infra-

structure products.

Along the way, ABB managers have closed dozens of

plants and, since the spring of

1990 eliminated more than

40,000 jobs. The group's non-re-

curring charges typically run

st over \$100m a year.
But it now can claim that its

\$32bn in annual sales ara

spread fairly evenly among the

world's three main economic regions, whereas at the outset

it was active mainly in Euro-

pean markets. It also claims to

be the world's largest power

engineering group whereas

Engineering in the US, buge.

In the past five years, ABB

Trygg-Hansa recovers following restructuring

LOWER underwriting losses and beavy investment gains enabled Trygg-Hansa SPP. Sweden's leading insurance company, to report improved results for the first six months as the group restructured fol-lowing big losses last year associated with the country's banking crisis.

Operating profits of SKr864m (\$109m) were slightly down on tbe comparative figure of SKr898m at the same stage last year, but this was largely due to a 58 per cent fall in contributions from the 35 per cent held Home Holdings group in the US to SKr42m from SKr101m.

Otherwise, core insurance profits rose 10 per cent to SKr303m from SKr275m as pre-miums - up 2 per cent at end of the period stood at 151 SKr303m from SKr275m as pre-

SKr3.95bn - outstripped a marginal rise in claims costs. Trygg said the recession in Sweden bad trimmed premiums at home by 4 per cent, but claims costs fell by 7 per cent and a trend of spiralling claims in recent years bad been Meanwhile, there was a 4 per

cent increase in premiums from international insurance to SKr775m, while claims costs fell 14 per cent to SKr465. The group also showed benefits from the upward trend this

year in capital markets. Unrealised capital gains, mainly in Trygg's bond portfo-lio, sent overall profits rocketing to SKr1.65bn from SKr436m.

The group's solvency margin the ratio of shareholders

pay up but **Tiphook** per cent, compared with 134 per cent at the end of 1992. Claims costs from reinsurance posts loss

Directors'

By Maggle Urry in London

MR ROBERT Montague, executive chairman of Tipbook, the container and trailer rental group, bad a pay rise from £842,000 to £851,000 in the financial year to end-April, when the group made a net loss of £66.5m (\$99.08m) against a profit of £31.7m last time, following changes to accounting policies.

Other directors also received higher salaries. All the directors' contracts are subject to three-year notice periods, the accounts, published yesterday, show. Such contracts are increasingly unpopular with institutional investors.

However, the board has already taken a 10 per cent pay cut from the beginning of the current financial year and will take a further reduction once a review of salaries by eration committee is complated.

The committee, chaired by Mr Rupert Hambro who last week was confirmed as non-executive deputy chairman of the company, is also looking at the notice period in the con-

Last week, Mr Roger Braid-wood resigned as finance director. He received less than a year's salary in compensa-

Euro Disney denies closure

the nnusual step of issuing a formal statement denying that It was considering plans for the winter,

ing to belp Euro Disney's shares, which ended the day unchanged at FFr56 despite the upward trend in Paris. Since 1988, when Mr Percy Barnevik led Sweden's Asea engineering Asea and Brown Boveri were marginal players. However, it is not only ABB

ABB managers strip for action

Ian Rodger reports on the Swiss engineering group's streamlining

that has changed. As Mr Bar-nevik observes, the creation of buge, rather protectionist, regional trading blocks has happaned with surprising speed. The economic integration of central and eastern European countries into the European block is also proceeding apace. And the elimination of protectionist barriers between western European countries is accelerating.

For a group which produces beavy infrastructure equipment - from power stations to railway locomotives - these changes have a big impact on the way it should conduct its

One consequence has been faster growth of large turnkey projects. Developing countries have always tended to purchase infrastructure on a turn-key basis because they did not have the engineering skills themselves. Now developed countries are moving that way as well, as privatised ntilities shed the huge in-house design and engineering bureaucracies that flourished undar state ownership.

Mr Barnevik recalled yesterday that when ABB was formed, his main objective was to make managers within tha group's thousands of operating units more responsible for performance. No fewer than 5,000 profit centres were established.

The emphasis was on decentrahisation and as few layers of middle management as possi-

Ha still likes those principles, but ba and other ABB directors have found that they, and the management struc-tures built to implement them, were not enough for the new environment in which they

ABB managers have been fairly successful in preventing individual ABB companies from competing against eecb other for business, but they have failed so far to bring together all their resources for making bids on big turnkay

7 arious group divisions supply most of the tech-nology and equipment needed to build steel rolling mills and pulp and paper mills. However, as the know-how and marketing efforts are dispermed, ABB seldom makes affective bids for large integrated projects. "We want to facilitate inte-

grated system thinking," Mr Barnevik says.

Thus, the power distribution and power transmission divisions are being combined. Most of the "various activities" division is being put into an industrial plants division.

ABB has so far used the popular matrix management sys-tem, under which directors have both regional and line responsibilities. But in the new executive board, this is being simplified, with three directors having only regional responsi-bilities and four only divisional responsibilities.

Mr Barnevik said some board directors had been choking under the complexity of their responsibilities. The solution will be to push more tasks down to the next layer of management.

It remains to be seen how this will work out in practice. Mr Barnevik made clear that no managament consultants had been used in the design of the new structure. "We have enough management talent here that if we put our heads together, we should not need consultants."

One thing is certain; the pace of change at ABB will remain brisk. Commenting on the group's decision to provide \$500m for plant closures this year. Mr Barnevik said he was unhappy having to put large sums into the profit and loss account every year for non-re-

"A group like ours will have to live with restructuring as a normal part of its business. So we are doing this big move now, and then I hope to get out of the habit of reporting nonrecurring costs.

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7 F

Asked what he thought an acceptable annual level of unhighlighted restructuring costs might be, he replied, "about 1 per cent of invoicing".

Unidanmark back in the black

By Hilary Barnes In Copenhagen

UNIDANMARK, Denmark's second-largest bank group, moved back into profit of DKr483m (\$69.77m) in the first half compared with a loss of DKr1.47bn in the same period last year and a loss of DKr4.54bn in the whole of 1992.

The bank said the result was in line with the budget and with the recovery strategy drawn up last autumn. Costs were down by 6.2 per

year, with a reduction of 9.4 per cent in staffing to 11,453 compared with June 30 last

But the bank's forecast for the full year was cautious, promising "a substantially improved net result than last year." but leaving open the possibility of a loss.

The bank's loss provisions remained bigh at DKr2.34bn compared with DKr2.44bn in the first half of last year and DKr6.28bn in the whole of 1992. Provisions this year, the bank cent to DKr3.05bu from last forecast, will be reduced.

The group's London subsidiary, Unidanmark Holding, cut a DKr506m loss in the first half last year to DKr168m. The London bank suffered from heavy losses in the property market. A big improvement in the value adjustment for the securities portfolio was the main factor behind the group's move

rose in the first half to SKr1.23bn from SKr932m.

to reinsurance by 50 per cent, but said the benefits of this

would not be felt until 1994.

However, moves to reduce

exposure to catastrophes had

already paid off with only lim-

ited claims anticipated from

recent events such as the

losses of SKr5.2bn in 1992 as a

result of writing down to zero the value of its boldings in

Gots AB, the holding company

for the collapsed Gotabank,

and two collapsed credit insur-

ers, Svenska Kredit and Inter-

national Credit. The compara-

tive figures excluded results

from the three subsidiaries.

Trygg suffered traumatic

floods in the US mid-west.

Trygg is cutting its exposure

back into profit. This Item added DKr1.78bn to income compared with a loss of DKr128m in the first balf last year and is a reflection of higher bond and share prices in Copenhagen.

Abbey and Baring start swaps unit

By Tracy Corrigan in London

TWO UK financial institutions. Abbey National Treasury Services and Baring Brothers, yesterday announced plans to set up a joint venture in the rapidly-expanding derivatives market, offering interest rate and currency swaps and options to

Abbey National Baring Derivatives will be a branch of Abbey National Treasury Services, benefiting from Abbey National's strong credit ratings. Abbey National Is rated AA by Standard & Poor's, Aa2 Moody's and AA by

The lucrative \$4,000bn market in over-the-counter swaps and options is extremely credit sensitive, as many clients are limited to dealing with credits rated double-A and above. Consequently, institutions with strong ratings are at a competitive advantage in the struggle to gain a foothold in the market.

The operation, which will open in September 1994, will concentrate initially on busi-

ness with UK companies and banks. It will have a staff of 30, with back office and other technical support provided by both organisations. The unit will be headed by Mr Graham

> at Baring Brothers. Mr Jonathan Nicolls, assistant treasurer at Abbey National, said there had been informal talks with a few other banks, but that Abbey bad found a "match of culture" at Baring Brothers, "We are both pretty risk-averse," he said. Lex. Page 12

Bird, head of risk management

By Alice Rawsthorn in Paria

EURO Disney, the lossmaking leisure gronp, yesterday took the temporary closure of its troubled theme park during

Analysts were perplexed by the company's decision to publish the statement, given that Euro Disney executives last week had verbally denied the temporary closure rumours. The statement also did noth-

Ferfin issues figures on alleged irregularities

FERRUZZI Finanziaria (Ferfin) vesterday fired a warning shot in the run up to what is expected to be a decisive week for the troubled Italian group,

Montedison's new manage-ment yesterday issued the first official figures on an alleged L435bu irregularity in its 1992 accounts. The figures shows that on

May 24, Financing and Investments, a non-consolidated Curacao-based subsidiary, lent \$133.9m and FFr839m requalling L435bn) to a Virgin Islands company called Exilar. On Monday, shareholders at

Montedison. Ferfin's main subsidiary, will vote on whether to extend legal action against for-mer management, Earlier this month, the group's new executives, imposed by its main creditor banks, obtained a L500bn temporary sequestration order on assets of six former managers and the heirs of Mr Raul Gardini, its former

On Tuesday, shareholders in Ferfin will decide on the plans to slash the nominal value of shares to L5 from L1,000. It is then proposed the shares be consolidated on the basis of 200 for one to restore the nominal

Swiss Bank Corporation Paradenlatz 6

CH-8021 Zurich

Générale De Banque 3 Montagne du Parc 2-1000 àrussels

Acquisitions give boost to Wolters Kluwer

By Ronald van de Kroi

WOLTERS Kluwer, the Dutch publisher, yesterday reported a 26.6 per cent rise in net profit for the first half of 1993 and predicted that full year net results would rise by more than 20 per cent. Net profit totalled FI 138m

(\$72,66m) against Fl 109m a year earlier, on sales up 8 per cent at F1 1.25bn. The company said a series of

acquisitions since mid-1992 accounted for over half of the 25 per cent rise in first-half operating profit to Fl 225m.

Recent acquisitions, plus financing for educational activi-ties in Sweden, helped push financing costs up to Fl 17m

from FI 10m a year earlier. Wolters Kluwer's first-half results were slightly above expectations, and its shares rose by F10.70 to close at a year's high of F199.

In its forecast for 1993, the company said also said net earnings per share would rise by about 17 per cent this year on a full-diluted basis.

In 1992, net profit rose 20.4 per cent to FI 257.6m, while net profit per share increased by 19.9 per cent to Fl 4.15 a share.

INTERIM REPORT

GT Chile Growth Fund Limited

The Board of Orostors of GT Chile Growth Fund Limited announced on To August 1993 the unsudited results for the Company for the sex months ended 30 June, 1993. This is the fourth interim report of the Company.

Results for the	six months to 30	June, 1993	
	6 months to 30.06.43 USS	6 months to 30 to 92 USS	Year Ended 31.12.92 US\$
ASSETS			
Investments Net current (liabilities)/assets	305,108,298 /378,6417	313,729,154 12,034,9301	281,350,494 7,796,056
NET ASSETS	304,729,657	311,694 224	289,146,550
Issued shares	12,000,000	10,123,957	12 000,000
Net Asset Value per share			
- basa - dduaed	<u>525,39</u> 527,39	\$30.79 \$27.54	\$24 10 \$24 10
INCOME			
Dividends and bond interest Deposit interest	10,614,316 63,930 10,678,146	7,942,577 27,957 7,970,534	14,372,546 <u>130,</u> 045 14,522,641
Маладетичні ехрепьез	12,668,67,31	12,730,0021	15, +46, 285
Profit before Estation Chilean taxation	8,009,473 11,033,2 kg	5,230,632 1764,0931	9,076,356 11,468,362
NET B-COME	6,476,233	4.466,539	7,607,994
Earnings per share			
- basic - folly diluted	<u>\$0.58</u>	50 44 50 45	<u>50.72</u> 50.75
Dividend per share	<u>\$0.50</u>		<u>50,25</u> 50,25
– Irom prior years' carnings – from current carnings	SO 25 50 35	:	50 25
Analy	sis of the Portfoli	o	
	30 06 43	30.06.95	31 12 92
	*%.	43	¥,
Chilean equities Long term Chilean bonds	88 2	95	38
Shon term Chikan bonds	10	4	27
Net current (habilines)/assets		1111	3
	100	100	100

An interim dividend was declared of \$0.60 per share, in accordance with the previously announced distribution policy, \$0.25 per share relates to the period from the inception of the Company in February 1990 to 31 December 1992 the earnings of which are being distributed in deven equal instalments between March 1993 and March 1998. The Isdance of the dividend of \$0.35 is to be paid out of the earnings of the current year. For the see months ended 30 June 1993, the earnings per share amounted to \$0.56. The dividend, amounting to \$7,200,000, will be paid on 30 September 1993 to

carnings per share amounted to \$0.56 The dividend, amounting to \$7.300,000, will be paid on 30 September 1993 to Shareholders of record on 31 August 1993 in the star mounted to \$0.56 The dividend, amounting to \$7.300,000, will be paid on 30 September 1993 to Shareholders of record on 31 August 1993 in the star mounts ended 30 June 1993, the next assets of the Company increased by \$4% to \$304,729,057 as against a set of 1.2% in the IGPA Index, and to \$4% in the IPSA Index, expressed in US Dollar terms

By 10 August 1993 - the linest practicable date before the amount memory of these results —

next assets per share had usen to \$26.33.

The Company's Interim Report will be desputched to Shareholders as soon as possible.

Copies of this statement will also be available from GT Management PLC, Albun Gate, 14th Fluor, 125 London Wall, London, EC2Y SAS, United Engdom.

BY ORDER OF THE BOARD

Agent: Morgan Guaranty Trust Company

JPMorgan

David Smith, Secretary
The Bank of Bermuda Lumited, Bank of Bermuda Building, 6 Front Street, Hamilton, 19M11, Bermuda FOURTH INTERIM RESULTS



Mecklenbergh Investment and Finance Company Limited US\$135,000,000 Secured Boating rate bonds due 2004 rdance with the terms and one of the bonds, the rate o contagons of the order, the rate of interest for the interest period 25 Augus 1993 to 25 February 1994 has been fixed 4 45794 per annum Interest poyabl on 25 February 1994 will be USSZ, 560 56 on each USS, 100,000 principal amount of bonds.

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The Weekend FT Record Page is published on the second Saturday of each month. If it's in - it's in.

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NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER OF

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED (AAC)

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED (AMGOLD)

REGARDING A RENOUNCEABLE OFFER TO SUBSCRIBE FOR SHARES IN EASTVAAL GOLD HOLDINGS LIMITED JEASTVAAL Regulation No. (1)(1)4-80806 (Incorporated in the Republic of South Africa)

Comes of the Eastynal Prospectus ("the Prospectus") containing the rentranceable offer to subscribe for Eastynal shares ("the otter") and a circular to members of AAC and Amgold both dated 24 August 1993 together with a Listing and Acceptance Furm and a Listing and Request Form reterred to in paragraph 10.9.2 of the Prospectus, will be available at the offices of the underneationed paying agents of AAC and Amgold respectively from Friday 3 September 1995. The offer contained in the Prospectus is of renounceable rights to subscribe for ordinary shares of Eastwarf at 250 cents per share payable in full in the currency of the Republic of South Africa on the basis of 15 Fastwarf shares proportionately for every 100 AAC shares and 30 Eastwarf shares proportionately for every 100 Angold shares. The otter also entitles offerees or renouncees to apply for additional Eastward shares. The otter is subject to the terms and conditions set out in the Prospectus. To participate in the offer holders of share warrants to bearer are required to submit AAC coupon no. 121 or Amgold coupon no. 92, as applicable, detached from share warrants to bearer, together with a duly completed Listing and Acceptance Form or a Listing and Request Form Such holders are required to enmply with the terms and conditions of the Prospectus includi South Alman exchange control regulations as set (u) in paragraph 10.11 of the Prospectus regarding, inter alia, acceptance of the other and application for additional shares.

Credit du Nord

1. AAC Paying Agents Barclays Bank PLC Stock Exchange Services Dept. 168 Fenchurch Street. Lindon EC3P 3HP, England Union Bank of Switzerland 45 Bahnhofstrasse

8021 Zurich Switzerland Banque Internationale A Luxembourg Immeuble L'Independence 69 Rue d'Esch

Amgold Paying Agents

25 August 1993

Luxembourg

6 & 8 boulevard Haussmann 75009 Paris France Banque Bruselles Lambert nue Mamix 24 avenue Mami» 2 a. IOSO arussels Belgium

Belgium Banque Générale du Luxembourg 14 rue Aldringen

Coupon No. 121 will be the last cuopon on the current coupon sheet and, accordingly, arrangements will be made in November 1993 for recouponing. A notice to holders of AAC share warrants to bearer requesting them to surrender talon No. 2 in exchange for talon No. 3 and coupons nos 122 to 151 will be published in the press on or about Friday 22 October 1993.

First National Bank of Southern Africa Limited, Stock Exchange Branch, Diagonal Street, Johannes 2001, South Africa or from Credit do Nord, Union Bank of Switzerland or Banque Bruxelles Lambert at their respective addresses shown above.

Eastward shares will be issued in registered form only and not in bearer form. Head Offices:

Johannesburg 2001, South Africa Transfer Secretaries of AAC and Amgold: Consolidated Share Registrars Limited First Floor Eduta, 40 Commissioner Street Johannesburg 2001 PO Box 61051 Marshalliower

London Offices of AAC and Amgold: London ECIN 6QP

Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

This announcement has been approved solely for the purposes of Section 57 of the Financial Services Act 1986 by S.G. Warburg Securities Ltd., a member of the Securities and Futures Authority. The value of Eastvaal shares may full as well as rise. Dividend- on Eastvaal shares may fluctuate. Changes in rates of exchange for South African and United Kingdom currencie: may have an adverse affect for United Kingdom holders of Eastvaal shares on the value of, or dividends on, their Eastvaal shares.

appears every Wednesday & Thursday & Friday (International edition only) For further information please call:

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Dividend Declaration NOTICE IS HEREBY GIVEN that a final dividend No. 16 of 43 cents per share, in respect of the six months ending 31 August 1993 has been declared, physicia to members registered at the close of business on 10 September 1993.

The dividend to declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Starting at the rate of exchange ruling on 6 October 1993, or the first day thereafter on which a rate of exchange Dividend warrants will be posted on 22 October 1993.

n the case of non-resident shareholders, the applicable to The full conditions of payment may be inspected at or obtained from the United Kingdom Transfer Office.

By order of the board per pro. GENCOR (U.IC.) LIMITED

24 August 1993

arn. Kent BR3 4TU

CB FUND INTERNATIONAL 10A, Boulevard Royal - Luxembourg

NOTICE OF DIVIDEND PAYMENT The General Meeting of Sharebolders of CB FUND INTERNATIONAL has decided to pay a dividend of USD 1.05 per share for the financial year ending 31st May, 1993 to each share hald on the 20th August, 1993, the shares being quoted ex-dividend on 13th August, 1993.

This payment will be made on and after the 30th August, 1993 against delivery of coupon N°9 to the Banque Paribas Luxembourg, 10A, Boulevard Royal, Luxembourg Dividend cheques will be sent to registered shareholders. Dividends not claimed within 5 years of the precited date will lapse and reven to the

P. Corbins



Belgravia London SW1X 8HL



Chairman

CB FUND INTERNATIONAL



Bank \$200,000,000 Reverse Floating Rate Notes due 1996

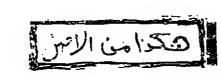
Notice is hereby given that the notes will bear interest at 6.8125% per annum from 23 August 1993 to 23 February 1994. Interest payable on 23 February 1994 will amount to \$171.71 per \$5,000 note and \$3,434.25 per \$100,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

Interfinance Crédit National N.V. US\$100,000,000 Guaranteed floating rate undated imsecured subordinated non-cumulative capital notes

In accordance with the terms and conditions of the notes the rate of interest for the interest period 25 August 1993 to 25 February 1994 has been fixed at 5.99063099063% per annum. Interest payable on 25 February 1994 will be US\$30,618.78 on each US\$1,000,000 principal amount of the notes.

Agent: Morgan Guaranty Trust Company **JPMorgan**



and the state of t

THE DECISION by Ipalco Enterprises, parent of Indian-apolis Power & Light, to end its bitter five-month, \$1.73bn take over bid for PSI Resources has cleared the way for PSI's friendly merger with Cincinnati Gas & Electric.
Mr John Hodowal, Ipalco

chairman and chief executive, surprised PSTa annual meeting on Monday by amouncing that the company was dropping its \$30.50 tendsr offer for PSI shares. This was because ipalco had failed to gain sufficient proxies to elect five can-didates to PSI's 14-member board.

The fight for PSI, which supplies electricity to 500,000 customers in the counties surrounding Indianapolls, is another ripple in a wave of consolidation that analysts expect to sweep the US utility industry in the coming years. Until recently, hostile takeovers have been rare. However, with utilities facing growing competition in the

By Frank McCarty in New York wake of federal deregulation, many are seeking to trim their costs through economies of

"I wouldn't be surprised to see 25 per cent of the industry involved in consolidation over the next five years," said Mr Daniel Scotto, an analyst with Donaldson, Lufkin & Jenrette Securities in New York. Already, in the past three or four years, the industry has seen more consolidation than it had over the previous 50

years."
PSI has estimated that it would save about \$1bn in fuel, maintenance and other costs over the next 10 years through a merger with CG&E. The two utilities are proposing to form new company, called CiNergy, with shareholders of each swapping their shares for shares in the group.

The value of the deal is linked to the value of shares in the Ohio-based utility. The PSI-CG&E link is still contingent on regulatory

approval. Indiana utility regulators are expected to focus on the threat of predatory pricing, which could endanger fpalco, a utility that serves an area encircled by that served by PSI. Ipalco's proposed takeover of PSI was largely a defensive action to prevent its neighbouring rival from gaining a competitive edge. State approval of the merger

was not a foregone conclusion. said Mr Scotto. Hs said regulators would examine how the deal would affect the state as a whole. PSI would have to demonstrate clearly that the proposed merger would indeed result in savings to ratepayers throughout the region.

Regulatory approval was the issue that appeared to turn the tide in the PSI proxy fight away from the Ipalco pro-

In the end, sharebolders seemed convinced by the argument of PSI management that the high premium to book value that lpalco was willing to pay would be viewed unfavourably by state authorities because of the impact on elec-

Bank of Montreal slightly ahead

By Robert Gibbens : in Montreal

BANK OF MONTREAL. Canada's third-biggest chartered bank, yesterday reported third-quarter net profits of C\$130m (U\$\$136m), or 66 cents a share, slightly better than expected. This compared with C\$173m, or 64 cents a share, a year earlier.

The bank's chairman, Mr Matthew Barrett, said that despite higher provisions for credit losses, loan volumes were higher and securitles trading and other income were up strongly. He said costs had

been kept under control. Total revenues were np 7 per cent in the quarter, which ended July, and managed to grow at a faster rate than

Most Canadian analysts had estimated the bank's thirdquarter net profit would be 63 cents a share, said Mr Roy Palmer, bank analyst with Bunting Warburg in Mon-

For the first nine months of the year, the bank earned C\$508m, or C\$1.85 a share, up 5.9 per cent from C\$480m. or C\$1.79 a share, a year ear-

Revenues rose 8.9 per cent and the increase in expenses, after exchange factors and taxes, was held to less than 2 per cent. Return on average equity was 13.6 per cent, against 14.4 per cent a year

Provision for credit losses was increased 4 per cent to C\$675m. Non-performing loans totalled C\$2.1bn at end-July, up 2 per cent. Total assets stood at C\$111bn, against C\$105bn a year earlier.

earlier.

Bank of Montreal is the first of Canada's big six commercial banks to report its third-quar-

an increase in loan growth and

deposits. Lippobank's loans in the first half grew 15 per ceot

after asset reclassification, to

Rp3,090bn, and deposits rose 10

per cent to Rp3,400bo. BII's

loans and deposits grew 8.5 per

cent and 11 per cent, to Rp3,850bn and Rp3,885bn

The banks have taken advan-

tage of the lending constraints

for about half the sector's

assets. Most state banks have

failed to reach higher capital

adequacy requirements set by

the central bank and bave

been told to limit new lending.

banks to raise more capital by

the end of this year to further

increase loan growth.

Local brokers expect listed

respectively.

Haeco profits up strongly as Indonesian listed banks sales climb By William Keeling in Jakarta Most hanks have also seen

By Sknon Davies in Hong Kong

HONG Kong Aircraft Engineering Company (Hacco), a Swire Pacific group company, yesterday announced an 18 per cent increase in net profit for the six months ended June. The result was HK\$213.8m (US\$27.4m), up from HK\$180.5m in 1992.

Turnover increased by 10 be cent to HK\$1.01bm. This was attributed to heavy utilisation of the company's airframe maintenance and engine overhaul facilities.

Earnings were also boosted by a maiden contribution from the group's 26 per cent-owned Australian aircraft maintenance company, Asta Aircraft Services, which had been a consistent lossmaker.

With the continued expansion of Cathay Pacific's air fleet, and that of its associate airline Dragonair, Haeco is expected to operate at full maintenance capacity during the second half. The interim dividend is

going up to 30 cents a share, against 27 cents in

٠.١

*

Lending increase boosts

INDONESIA'S stock marketlisted banks have announced mostly improved results for the first half of 1993. They were helped by an increase in lending as banks lowered interest rates but maintained mar-

Bank Internasional Indonesia posted a 35 per cent rise in gross profit, to Rp83.7hn 39.9m), while gro ss pronts at Lippobank rose 54 per cent to Rp31.3bn. Gross profits at Bank Niaga climbed 6.6 per cent to Rp22.4bn, and at Panin Bank by 5 per cent to Rp21.46bn. Bank Bali was alone among

the leading listed banks to report lower gross profits. It suffered a 14.3 per cent setback

German SE system to expand

GERMANY'S computerised stock exchange trading system Ibis will be extended to include trade in 16 D-Mark Eurobonds, Reuter reports from Frankfurt. The extension takes effect in two weeks.

The new Eurobonds are beavily-traded issues from sovereign, supranational and private issuers. Ibis was launched in April 1991 to trade the 30 shares which form the Dax index and 30 government bond issues. Six more shares and 21 option certificates were

Japanese brokers move into banking

By Emiko Terazone in Tokyo

JAPAN'S Big Four brokers Nomnra Securities, Daiwa Securities, Nikko Securities and Yamalchi Securities have moved into the hanking business by setting up trust banking subsidiaries.

The move follows April's partial deregulation of the barriers between the banking and securities industries in Japan. It follows the the creation of securities subsidiaries by the three long-term credit banks and Norinchukin, the central agricultural institution.

The move into the trust banking business will have lit-tle immediate impact on the brokers' group profits or to the operations of existing trust banks. The range of businesses of the new banking subsidiaries will be limited to investment trusts, land trusts and foreign exchange.
The new trust banks, capi-

talised between Y20bn (\$194m) and Y30bn, will not bave access to the special loan trusts, or tokkin funds, the specified investment trust funds, thus the territory of the existing trust banks will be protected.

The securities subsidiaries of the long-term credit banks, incloding Industrial Bank of Japan and Long-Term Credit Bank, started underwriting bonds in June. The brokers fear that the banks, which have links to leading stock market-listed companies, have more to gain from liberalisa-

Mr David Marsball, analyst at IBCA, the banking credit agency, said the brokers' entry into the banking business would bave little impact on the financial industry in the foreseeable future.

The new subsidiaries, along with Bank of Tokyo's new trust banking unit, will start operations around October, after authorisation from the ministry of finance.

Novo Nordisk to invest \$8m in US researcher

By Hilary Barnes

NOVO Nordisk is making an 88m equity investment in macenticals research company. The deal gives the Danish company 17.5 per cent of Apergen. The agreement between

Novo Nordisk, a leading force in insulin production and diabetes care, will give the Danish group marketing rights (ontside North America) to products developed by Anergen, which specialises in developing theraples for a group of diseases including diabetes and multiple sclero-

In addition to the invest-ment, Novo Nordisk will fund research and development programmes, bringing its total Investment in Anergen to around \$25m, said Novo Nor-

Matsushita Electric suffers 7% fall

By Michiyo Nakamoto in Tokyo

MATSUSHITA Electric, hit by weak sales and a strengthening yen, yesterday reported a 7 per cent decline, to Y33.7bn (8326.2m), in first-quarter consolidated pre-tax profits.

The Japanese consumer electronics group said sales were down 7 per cent, 10 Y1,596bn compared with a previous Y1,713bn. Net income was 23 per cent lower at Y6.7bn against Y8.7bn. Matsushita, in common with

other Japanese consumer electronics manufacturers, has suffered the impact of the high yen, continuing sluggisb demand for audio-visual producis, and a cool summer in

Motor Industry Correspondent

NISSAN, the Japaoese carmaker, bas reduced the

number of European-hased

components producers supplying its vehicle assembly plants in the UK and Spain by

it has cut the number of its

suppliers in Europe to 431 from

470 a year ago, and the total is expected to fall to between 350

and 400 by the end of the

decade, according to Mr Bob

Hampson, Nissan Europe's

The reduction of its supplier

base, a trend common

tbrougbout the motor

industry, is part of its attempts

to rationalise the number of

companies supplying its separate vehicle

manufacturing operations in

Of its current suppliers in

Europe, Nissan has 214 in

Spain, 143 in the UK, 36 in

the UK and Spain.

purchasing general manager.

per cent in the last year.

By Kevin Done,

markets were actually higher than the previous first quarter on a local currency basis, the gains evaporaled under the impact of the higher yen. Matsushita said.

In Japan, the company con-tinued to face weak demand as consumer spending tailed away. The weakness of personal consumption and private capital spending have been cited as the main factors pre-

on slow demand.

13 per cent as sales of air con-

venting the Japanese economy from recovering.

Sales of video products declined 13 per cent, while audio equipment fell 6 per cent

Home appliances were down

ditioners were burt by an

Nissan cuts European suppliers

Germany, 20 in France, and

manufacturing operations, Nissan Motor Manufacturing

in the UK and Nissan Motor

Iberica in Spain, are expected

to buy components in Europe worth around £1.2bn (\$800m)

NMUK. Nissan's £900m car

plant at Sunderland, in

north-east England, is forecasting total components

purchases in Europe in 1993 of

£850m from its 198 suppliers.

with an output of around

The Spanish operation,

which is forecasting output this year of around 90,000

vehicles - most importantly

the Terrano II/Ford Maverick

four-wheel drive leisure utility vehicle and the Sereoa

multipurpose vehicle - will

purchase components worth

around £350m from a total of

The main reduction in

this year, said Mr Hampson.

European

to UK and Spanish plants

seveo in Italy.

270,000 cars.

270 suppliers.

unusually cool summer in Japan. Demand for communi-cation and industrial equipment was also weak.

Matsushita is currently enjoying buge box-office success with Jurassic Park, a movie produced by its MCA film studio subsidiary. However, it still suffered a 2 per cent decline in sales from its entertainment businesses.

This was blamed on the ven's appreciation, which more than offset an increase in dollar-based sales, the company

Although Matsusbita has bad some recent consumer successes, such as an advanced rice cooker, and cordless tele-phones, it has faced prolonged weakness in the Japanese mar-

supplier numbers has already

been achieved by Nissan Motor

Iberica, which been more than

halved its supply base from 560

suppliers five years ago. At present, only 37 of

Nissan's suppliers in Europe

produce components for both its UK and Spanish operations.

However, Nissan is pushing

hard to increase the number of

common suppliers as an

important step in cutting the

beavy losses of its less efficient

its UK car plant bas grown

from 31 in 1986, when the

Sunderland factory first began

small-volume production, to

the present level of 198.

The number of suppliers to

Spanish business.

The strong demand expected for key products, such as the digital compact cassette, a digital portable audio format developed with Philips, the Dutch consumer electronics group, has not materialised. It will take considerable take considerable time for demand to emarge for other promising products, such as bigb-definition

The company's secondquarter results are expected to disappointing.

Private consumption is not expected to improve significantly in the near term, unless the government agrees to an income tax cut

Caltex passes dividend

By Bruce Jacques in Sydney

CALTEX, the Australian petroleum group, bas again passed its dividend despite a strong earnings recovery in the six months to June.

The company lifted net profit to A\$35.5m (US\$23.6m) from A\$7.9m for the half-year, on a 7 per cent revenue rise to A\$1.75bn. The result followed a widening of operating margins, and a A\$9.7m benefit from lower tax.

Interest costs eased from A\$27.3m to A\$26.2m. However, falling crude oil prices and petroleum product discounting is clouding the

outlook for the current six main effort rationalise the supply base will months, Caltex says. As a continue to be in Spain, where result, there is again no Nissan acquired the former interim dividend.

Bank of Melbourne, the Motor Iberica operations in the early 1980s, together with its regional bank, bas shrugged off a big increase in doubtful diffuse supplier network then common to the European debt provisions to record a strong profit lift for the year ended June. motor industry.

Net earnings have jumped from ASB.6m to AS91.2m despite a 7 per cent fall, to A\$547.9m, in total revenue. The dividend is going up from 13 to 30 cents a share.

The result reflected a A\$74m aboormal loss in the previous year. Gross profit rose just 5 per cent to A\$37.1m. Doubtful debt provisioo rose 47 per cent to A\$42.6m.

Tax provisioo took A836m. against A\$2.5m previously.

Airlines, has rejected Air Canada's offer to buy its international routes for C\$200m (US\$151m) and assumption of C\$\$00m debt and lease obligations, writes Robert Glbbens.

Samancor net slides to R175m

SAMANCOR, the South African chrome and mangaoese producer, reports steeply lower profits for the year eoded June. It is cutting its dividend from 90 cents a share to 50 cents. Reuter reports

from Jobannesburg.
Turnover fell from R2.06bn (\$613m) to R1.79bn, and the weak business background translated into pre-tax profits of R144.4m, down from R381.5m in the previous year. following a one-off rationalisa-

tioo charge of R42m and a tax credit of R53m, were R175.6m. against R277.1m. Samancor bopes to form joint ventures with two French and Japanese companies this

year to secure outlets for products and so enhance its market position. It said its manganese division was finalising a joint venture with Société du Ferromanganese de Paris-Outreau of

bon ferromanganese. Samancor expects to take 8 5 per cent equity stake in the French company for s "relatively modest investment". Its chrome divisioo is also negotiating an sgreement with Japan's Nippon Denko.

France to produce medium car-

NEWS DIGEST

Liberty Life turns in 22% increase

LIBERTY Life, the largest stock market-listed life assurer, reports a 223 per ceot increase, to R177m (\$52.7m), in net taxed surplus attributable to sbareholders for the six months ended June, writes burg. New business at Liberty, and its wholly-owned subsidiary Charter, rose 47 per cent to R1.04bn.

The company bas offered sbarebolders ao effective increase of 50 per cent in their interim dividend to encourage acceptance of shares in lieu of

Northam hit by mine production shortfalls

FAILURE to schieve production targets was blamed for an accumulated loss of R47.1m (\$14m) for the year ended June at Northam, the platinum mine in the Gold Fields group, Northam, which raised R350m

uary, has been forced to seek further funding. The mine has so far cost R1.5bn to bring to production. Mr John Hopwood, chair-

through a rights issue last Jan-

man, blamed the mine's problems on the fact that it had been operating at milling rates of around 80,000 tonnes per mooth, against a target of 150,000 tonnes.

improving. The milling rate rose to 100,000 tonnes in July. and another increase in August looked likely. He said target milling rates should be reached by the middle of this financial year.

Nintendo plans new video games range

NINTENDO America, the US arm of the Japanese video game maker, announced plans for a new generation of bome video game machines using advanced microprocessor and computer graphics technology provided by Silicon Graphics, writes Lonise Keboe in San

Francisco. Nintendo said the new game machine would be available in 1995 at less than \$250.

He said the situation was PWA rejects offer for routes

PWA, parent of Canadian

PWA said its directors decided the offer would "adversely affect" the interests of sharebolders, creditors, employees and customers.

Mr Rhys Eyton, PWA chair-man, said the net purchase price would really be C\$100m for routes generating C\$1.4bn annual revenues. Also, PWA would be left with 23 surplus aircraft. Total cost of downsizing Canadian Airlines to a domestic and trans-border carrier would be C\$440m, he said.

This announcement appears as a matter of record only.

added last year.

August 1993

US\$100,000,000 **Term Loan Facility**

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Participants Banque Bruxelles Lambert France Banque et Caisse d'Epargne de l'Etat, Luxembourg BHF-Bank, London Branch Westfalenbank Aktiengesellschaft



CS FIRST BOSTON GROUP

CSFB Finance B.V. US\$200,000,000 Guaranteed subordinated floating rate notes due

August 2003 Guaranteed on a subordinated CS First Boston Group, Inc.

Notice is hereby given that for the interest period 25 August 1983 to 25 February 1994 the notes will corry on interest rate of 5.50% per arrium, Interest payable on 25 February 1994 will amount to USSENII per USSI,000 note and USSOLII per USSID,000 note and

US\$2.811.11 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

U.S. \$150,000,000 Floating Rate Notes due 1996 he rate of interest per annum on First Union Corporation's U.S. \$150,000,000 Floating Raie Notes due 1996 for the interest period begunning 14th August, 1993, and ending 14th November, 1993, the next interest payment date, will be 3.375%. The amount of interest payable for such interest period on each \$10,000 principal emount of the Notes will be \$86,25.

Bankers Trust Company, London Agent B

Acquisitions

Europe's Leading M & A Magazine

"The Boutique Banks"

August Issue 0892 515454

US\$ 100,000,000 First Union Corporation SKOPBANK Floating Rate Notes

> Interest Period August 23, 1993 November 23, 1993 Interest Amount due on November 23, 1993 per USS 1,000 USS 8,94 USS 10,000 USS 88,44

Interest Rate 3.5% p. a.

ē

AGA Interim Report 1993

 Income after financial items increased by 4 percent to SKr 766m (1992: 738m).

The earlier forecast of an improvement in full year income

after financial items remains unchanged. The AGA Group's sales for the first half of 1993 increased by 32% to SKr 7,541m (5,710), and operating income increased by

25% to SKr 792m (654). AGA invested SKr 855m (838) in new plant and equipment, of which SKr 676m (754) was attributable to Gas Operations and SKr 179m (84) to Frigoscandia.

Gas Operations' sales increased by 24% to 5Kr 5,451m (4,392) and operating income improved by 14% to SKr 697m (612), primarily as a result of higher exchange rates. Operating income amounted to 12.8% of sales compared with 12.9% for the full year 1992.

Sales
Operating Income
Net financial frems 738 1,477 Non-recurring isems

Net income per share

- After paid tax, SKr

- After full tax, SKr

Frigoscandia's sales increased by 58% to SKr 2.093m (1,322) of which 46 percentage points came from the acquired cold storage companies CEGF, etc. A SKr 73m increase in operating income to SKr 95m is explained by the contribution from the new companies. Most of Frigoscandia's income is generated during the second half of the year. The Gullspäng Group reports operating

earnings of SKr 1,555m (1,452) for the first

half of 1993 and operating income of SKr

345m (282). Income after financial items

amounted to SKr 318m (269), and AGA's 34"0 share was SKr 108m (S0). SKr million 1993 Liquid assets and investments Other current assets Shares and participations 3.392 4,195 1,706 204 13,598 7,749 Long-term receivables
Land, buildings, machinery, etc.
Leans, short-term and long-term
Other current liabilities

33.7

AGA's 1993 Interen Report can be ordered from AGA AB, Information, S-181 81 Lidingo, Sweden, tel. +46 8 731 11 50. AGA is one of the world's largest producers of gases for industrial and medical applications with sales in 32 countries in Europe, the U.S. and Latin America. The Group's operations also michide Engoscandia which is the world's leading company for the freezing, storage and transport of food. The associate company Gulispangs Kraft is one of the largest power producers in Sweden.

13.00 12.70 26.40 10.15 10.45 22.60

AGA

AGA Akbebobs · S-181 81 Lidings · Sweden

Total assets

INTERNATIONAL CAPITAL MARKETS

Overseas selling may signal end of bull run in gilts

FT FIXED INTEREST INDICES

By Peter John in London and Patrick Harverson in New York

THERE were signs yesterday that the bull run in the UK government bond market might be losing momentum.

It may have been straws in the wind, but dealers reported overseas selling, particularly from Europe and eastern Asia. They also mentioned switching into German and French government paper.

The main slide occurred in maturities longer than 10 years, the area which recently experienced the biggest gains once the market had latched on to the belief that the UK

GOVERNMENT **BONDS**

promised economic growth with low inflation. The 8.75 per cent bonds expiring in 2017 fell % to 114%.

Mr John Sbepperd, gilts specialist with Yamaichi, the Japanese securities house, said: "It seems like there has been a bit of a mood change. People had been buying into the dips and now they have started selling into them. There is a feeling that gilts have hit fair

Short-dated maturities,

Canada plans

to ease stock

issuing rules

By Robert Gibbens in Montreal

CANADIAN SECURITIES

regulators plan to make it

easier for international foreign

companies to issue stock In

Canada by amending prospec-

If the plan goes through, big

companies will be able to sell

up to 10 per cent of a global

equity issue in Canada without

issuing a separate Canadian

The Canadian investment

industry has long complained

that the costly prospectus sys-

tem and other restrictions

have deprived them and Cana-

dian investors of lucrative

The new policy will mean

that provincial regulators will

accept foreign prospectuses as

long as they meet basic disclo-

tus regulations.

prospectus.

opportunities.

sure requirements.

which respond to interest rate changes rather than inflation perceptions, held steady ahead of a hoped for rate cut in Ger

buy bonds issued by the Treuhand, the agency responsible for the sale of former East German companies, because the spread between the two presented an arbitrage opportunity. Also, considerable interest

count rate to 6.5 per cent.

many tomorrow.

Debate over a German rate cut continued to transfix the German deht market while switching and position-taking ahead of an auction today unsettled prices.

Investors were selling the most recant 10-year issue to

from domestic and international investors ahead of an auction of between DM4bn to DM6bn of four-year Schatz bonds diverted attention. Sep-tember hund futures traded on Liffe closed at 97.14, marginally lower on the day, even though cost of living figures from Baden Württemberg were in line with forecasts and gave encouragement to economists who have predicted a quarter point cut in the German dis-

■ FRENCH 10-year bonds were stronger as investors concerned over the short-term prospects for interest rates

ACTIVITY in the international

bond market slowed considera-

bly yesterday as the Bundes-

bank's council meeting

approached. The German cen-

tral bank is widely expected to

cut interest rates when it

Syndicate managers said

that investors were also keep-

ing their powder dry in order

to take up the global bond

issues by sovereign borrowers

soon launch a 10-year, zero-

coupon bond denominated in

lira to benefit from favourable

swap opportunities from the

Italian currency into D-Marks.

INTERNATIONAL

By Antonia Sharpe

meets tomorrow.

BONDS

Aug 24 Aug 23 Aug 29 Aug 19 Aug 18 ags High " Low" 101.51 161.68 101.77 102.07 102.36 87.56 102.38 93.26 123.97 123.93 124.27 124.51 124.54 103.62 124.54 108.67 Basis 100: Government Securities 15/10/26; Fixed Interest 1938.

for 1393. Government Securities high since completion: 127.40 gu1/35), low 49.18 (3/1/15)

adices"	Aug 23	Aug 20	Aug 19
at Edged Bargains	92.5	92.4	161.2
-Day average	100.1	101.6	106.6
SE activity indices repo	ned 1974		

switched out of shorter-dated paper. The September Notion-nel French government bond future on the Matif was a quarter point firmer at best and ended a net 12 basis points

■ AMONG the high yielders, Spanish bonds shrugged off disappointment that the repo rate was left unchanged at 10.5 per cent as investors, particu-larly US hedge funds, bought 10-year maturities up to near-

The rise in prices pushed the yield on 10-year paper down to around 9.27 per cent. Mr Jouni Kokko of S.G. Warburg said 10year yields bad fallen from above 14 per cent since last October and his forecast of 8.8 per cent by the end of the year was already looking conserva-

The few deals which dld

emerge yesterday were concen-

trated in the Eurodollar sector.

as issuers took advantage of

continued investor demand for

senior floating-rate assets

Swedish domestic mortgage

association owned by Swed-

hank, was able to increase its

five-year offering of floating

rate notes (FRNs) hy \$50m to

at a slight discount to par, had a yield at issue of 29 basis

points over six month London

interbank offered rate

(Libor). The bonds were not

the offering represented a sig-

nificant improvement in Spin-

tab's funding costs. The all-in

cost to the issuer on yester-

day's offering was 33 basis

The notes, which were priced

As a result, Spintah, the

denominated in dollars.

Italian debt pricas also jumped sharply, belped by encouragingly low wage inflation data which added to the confidence inspired by Monday's lower than expected consumer prices numbers.

103.5 118.8

■ AUSTRALIAN bonds plunged as the currency fell sharply and dealers said uncertainty over the future of the hudget, which opposition parties have threatened to block in the Senate, undermined market confidence.

The 9.5 per cent Common-wealth bond maturing in August 2003 fell 11/2 points and the yield rose 21 basis points to 7.03 per cent. Dealers said investors were principally nervous about the hudget's path through parliament, with the opposition parties calling for changes but the currency'a

points over Libor, compared

with an all-in cost of 80 basis

points over Libor on its \$300m

offering of five year FRNs

launched in February. He added that the deal's

good reception indicated that

Scandinavian hanks were

returning to favour with inter-

national investors after the industry's financial difficulties

during the past few years.

 Outpon
 Place
 Price
 Change
 Yield
 Work age
 Month age

 8.500
 08/03
 117.5017
 -1.513
 7.03
 6.81
 7.13
 9.000 03/05 112,7000 -0.100 7.12 7.11 7.15 BELGIUM 7.500 12/03 103.9500 +0.195 6.95 8.97 7.34 8.000 05/05 108,7500 -0.120 8.74 8.76 7.16 8.500 07/03 161.2960 -0.010 8.32 8.31 6.51 11.500 08/03 110.5900 +1.230 10.01† 10.03 11.08 7.000 02/03 105.8300 -0.070 6.19 8.21 6.33 10.300 08/02 106.1250 +0.800 9.24 9.41 10.25 103-17 +4/32 107-04 -8/32 114-22 -9/32 5.750 08/03 101-07 -6.250 08/23 100-07 -14/32

BENCHMARK GOVERNMENT BONDS

slide hy one US cent overnight also dampened sentiment.

■ US TREASURY prices continued to give up ground at the long end yesterday morning in subdued trading. By midday, the benchmark

30-year government bond was down in at 100s, yielding 6.236 per cent. At the short end of the market, the two-year note was unchanged at 100%, to

yield 3.927 per cent. The market opened in list-

arranged a \$100m, five-year

offering of FRNs for Bank-

America Corp, for which it was

the sole lead manager. The

coupon of 25 basis points over

three-month Libor was in line

with yield spreads on Bank-

America's existing interna-

tional FRN offerings. The City of Stockholm

launched a swap-driven trans-

action in the Canadian dollar

less fashion for the second con-secutive day. Dealers blamed the absence of fresh economic naws, and a busy boliday week, for the lack of interest in the market and the low levels of trading activity.

8.000 04/03 108.3500 +0.300 6.79 6.83 7.27

The only feature of the morning was some manoeu-vring by dealers and investors ahead of the afternoon auction by the Treasury of \$16bn in two-year notes. Analysts said they expected the auction to go

Deals in Eurodollar sector as activity slows

The bonds, which have a coupon of 6% per cent, were re-offered at 99.10 to yield 50 basis points over the 6% per cent Canadian Treasury due

exchanged for dollars, through

When they were freed to trade, they were quoted at

sector. It raised C\$100m, which **NEW INTERNATIONAL BOND ISSUES**

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread	Book remer
US DOLLARS	000	4-1	99.826R	Sep.1998	0.28		Kidder Pesbody Intl.
Spintab‡	250	(a)				•	
Sparekassen Bikuben(b)‡	100	(ct)	98.82	Sep.2000	Q.85R	-	Chemical Investment Bank
BankAmerica Corp.‡	100	(c)	variable	Sep. 1998	undisci.		Kidder Pesbody Int.
Weldta & Co.(d) 4	100	1.25	100	Sep. 1997	2.25		Walto Intl. (Europe)
Eldensha Co.(d)©	60	1.25	100	Sep.1997	2.25	-	Nomura International
Lavoro Bank Overseas(e)‡	50	(e)	99,36R	Sep.1998	0.25F		Morgan Stanley totl.
CANADIAN DOLLARS		6.95	80.40	0.1.4000	222		Maria at usa Basala

Austrian futures exchange teaches bourse a lesson

By lan Rodger in Vienna

MIDDLE Europeans like to gamble. That, according to an Austrian banker, is the main explanation for the rapid growth of the Austrian Futures and Options Exchange (OTOB). Opened only 15 months ago, OTOB has become a higger

draw than the Vienna bourse. The contract value of OTOB's stock options is regularly three times as great as the volume of sales in the underlying shares. In other European markets, this relationship tends to be

roughly one to one.
OTOB is aven making a mark in Europe. Last month, volume in its five stock options was greater than the Paris MASIP exchange had on its 15. Options on the shares of Creditanstalt Bankverein, a leading Austrian bank, have become the third most popular bank stock options in Europe, after Union Bank of Switzerland and

CS Holding.

Developed on a shoestring budget of Schliom (\$9m), the exchange now finds that it is likaly to cover its operating costs in its second year of oper-

At first glance, this performance is all the more surprising because Austria's stock market is so unsuccessful. Activity there is so shallow that only 18 shares are traded an offering of five-year Eurocontinuously, and the market's notoriety for insider activity reeps individuals away in

> Individual investors account for only a tiny proportion of these who regularly trade in shares, preferring, it was long thought, to stuff their savings into the anonymous bank accounts that used to enable them to escape fax.

But OTOB has found that most of those few individuals who still trade on the stock exchange are sophisticated. investors, and they were quick. to take to futures and options. "We have a good retail base of four or five thousand people, who understand markets and

exchange, much more than on the Deutsche Termine Börse or on Switzerland's Soffex.

The other reasons for the popularity of OTOB, he believes, are its transparency and liquidity. The exchange operates electronically, with market participants able to see on their screens all the bid and offered prices as well as all the transactions as they happen.

OTOB is also fairly easy to understand and follow. Its product range is limited to options on five leading shares, options and futures on the ATX index of the 18 continuously traded shares and - the latest product line - futures on a notional 10-year Austrian government bond.

The exchange insists on having at least three market makers for each product, and they must provide prices on The success of OTOB has

been a lesson to the Vienna bourse, which is now rushing to install its own electronic trading system and to take other steps to improve trans-parency. In October, insider trading is finally to become a criminal offence.

Like other futures and options exchanges, OTOB has its problems, in particular, finding ways to respond to the fast burgeoning competition from over the counter derivative products offered by banks. OTOB, whose options run

only to six months, is planning to introduce longer term options in the next few months. on the ATX Index and on the Creditanstalt share. It is also working on a future on a Vienna interbank interest rate (Vibor). Another challenge is linking

with other futures and options exchanges. OTOB's project with SOFFEX to allow each other's members to trade on both exchanges was scuppered last month when SOFFEX directors disapproved.

Mr Imo does not conceal his who understand markets and disappointment, but he like derivatives," says Mr. helieves these links will gradu-Christian has, shiof executive ally come, especially as barriof OTOB.

Mr. has estimates that will Buropean Community come invested about one down.

2 E2 3.31 3.32 7.84 8.32 8.32

which are expected to be freed to trade by yesterday launched in the coming weeks. afternoon. An official at the lead man-They also reported that a German regional bank could ager, Kidder Peabody, said that

Final terms and non-catable unless stated. The yield spread (over relevant government bond) at leunch is supplied by the lear manager. ϕ With equity worrants, ‡Roating rate note. R: fixed re-offer price; fees are shown at the re-offer level, ϕ Coupon pays 6-month Libor + 0.25%, ϕ Coupon pays 6-month Libor + 1.1% for years 1 - 4 and + 2.5% thereafter, Catable at per ϕ , any coupon pays 3-month Libor + 0.25%, ϕ Fixing: 31/8/93, ϕ leave leunched on 19/8/98 was increased to \$200m. Coupon pays 3-month Libor + 0.5%,

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE	RISES AND FALLS YESTERDAY	LIFFE EQUITY OPT
Useed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6.55 pm on August 24		And the second of the second o
DS. DOLLAR STRAKSHTS	Brish Funds Falls Same	Column C
CODE 94, 95	Others	(194) 67 4 - 8 - 817: 380 12 281; 38 181; 181 (196) 420 6 147; 177; 387; 361 (194) 361 181; 281; - 151; 247; - 152; 247; - 154
Sec de France 9 98	LONDON RECENT ISSUES EQUITIES ISOLA Art'nt Listest 1993	Column C
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Norman 19 19 19 19 19 19 19 1	F.P. 153 f49 fandary Soult. Cot's. C 153 65 F.P. 82 75 Fandary Soult. Cot's. C 153 67 F.P. 82 75 Fandary Soult. Cot's. C 153 68 F.P. 82 75 Fandary Soult. Cot's. C 153 68 F.P. 112 103 7 7 7 7 7 80 7 7 7 80 7 7 7 90 112 103 100 F.P. 111 101 101 101 101 101 102 103 103 102 103 103 103 103 103 103 103 103 104 105 103 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105 105	Comm Union 500 4012 - 6 - 7 & 6 550 30 4012 5142 20 570 30 4012 5142 20 570 30 4012 5142 20 570 30 4012 5142 10 570 30 4012 5142 10 570 30 4012 5142 10 570 30
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Manufal Motor Fin 81 ₂ 97 100 107 1071 ₂ 1 ₂ 6,48	TRADITIONAL OPTIONS First Dealings Aug. 23 Calls: Aran Energy, BM Group, Last Dealings Sept. 10 East Surrey Water, Fairheven, Last Declarations Nov. 25 HSBC (75p), Microvitec, Mid-	FT-ACTUARIES FIXED INTERI
World Senit 5 00	For settlement Dec. 6 3-month call rate indications are shown in Saturday editions. States and Palon. Puts: Beboock and Fairline Boets. Put & Call: Medeva.	Tue Day's Mon Accrued at a law Low Low 24 % 23 hours to date 2 Coupons
See 69 00	FT-SE ACTUARIES INDICES The FT-SE 100, FT-SE 101d 250 and FT-SE Actuaries 250 indices and the FT-SE Actuaries	Refiliable Severational 1 Up to 5 years (25)
STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chip-Change on day, FLDATING RATE MOTES: Denormated in dollars unless otherwise indicated, Coupon shown to minimum. Spread-Margin above strength offered rate it three-month gators mean rate) for US dollars. Connecting current coupon. Conveximitat BONDS: Denormated in dollars unless extracted. Chip, price-Nominat amount of bond per share expressed in currency of store at convention rate fixed at lease. Prom-Percentage promium of the current effective price of exquiring shares via the bond over the most recent price of the shares.	Industry Easters are calculated by The international Stock Earthrage of the initiod Eingdom and Republic of Ireland Limited. O The international Stock Earthrage of the United Eingdom and Republic of Ireland Limited 1980. All rights reserved. The FT-Actuaries All-Share index is calculated by The Financial Times Limited in conjunction with the institute of Actuaries and the Faculty of Actuaries. C The Financial Times Limited 1993. All rights reserved. The FT-SE 100, FT-SE Mid CO and FT-SE Actuaries 250 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices are refer which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with	Index-Linked
© The Financial Times Ltd., 1983. Reproduction in whole or in part in any form not permuted without whiten consent. Data supplied by international Securities Market Association	the institute of Actuaries and the Faculty of Actuaries. "FT-SE" and "Footsic" are joint trafe marks and service mission of the London Stock	-0.14 142,63 1.86 7.62 16 Losses

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Chairman moves to allay fears over FDA warning to US offshoot

Medeva's £13m meets forecasts

By Richard Gourley

MR BERNARD Taylor, chairman of Medeva, the pharmaceuticals company which saw its share price halve after a profits warning a month ago, yesterday sought to convince investors that its prob-iems had been contained.

However, Mr Taylor was unable to say when or if the US Food and Drug Adminis-tration would declare that Medeva's MD Pharmaceuticals subsidiary in California had adequately dealt with manufacturing

The FDA's warning letter to Medeva, more than the news of inflated sales at more than the news of miliated sales at another Californian subsidiary, IMS, caused shareholders to sell their holdings.

Announcing pre-tax profits of £13m (£14.m) for the half year to June 30 - in line with the amended forecasts - Mr Taylor said Medeva was unlikely to set a clear

lor said Medeva was unlikely to get a clear

statement from the FDA. The work we have done (at MD) is as much as we could humanly have done," he said. He said the FDA never gave a "stamp of approval" after checking whether a company had rectified shortcomings in

manufacturing practice. "At a point in time they will advise us or government purchasers that MD is now cleared for new contracts," he said. In Medeva's last full year MD contributed nearly 40 per cent of group profits.

Medeva first half profits came on sales of said and the said profits came on sales.

of £80.1m, up 39 per cent. Earnings fell 18 per cent to 3.78p but the interim dividend is lifted 20 per cent to 0.9p.

The company said it was still comfortable with a revised full year profits forecast of between £42m and £47m. Analysts said Medeva'a presentation yes-

"There will have to be a different ratio of major to minor acquisitions," Mr Taylor said. Large purchases would not be possible with the abare price at its current level hut the group would still make bolt-on and terday appeared to allay some of their fears. A number said, however, that the product portfolio acquisitions

Mersey Docks improves share price could take some time to recover. It would not come before confi-dence was restored in management's abilto £8.9m ity to deliver the forecast full-year profit. The ahadow of the FDA would also be

By Ian Hamilton Fazey. Northern Correspondent

THE MERSEY Docks and Harhour Company reported pre-tax profits of £8.86m for the first six months of 1993, an increase of 16 per cent on the previous £7.63m.

Turnover rose to £44.8m (£42m) despite only a 5 per cent increase in cargoes to 13.6m tonnes.

The interim dividend goes up to 2.85p (2.5p), payable from earnings per share of 9.53p (8.12p). The ootcome marks a decade

of continuous improvement for the company. The government, which five years ago wrote off more than £100m of dehts, is still the higgest shareholder with a 20 per cent stake.

The company, which last week announced it was in negotiations to huy the Medway ports in south-east England, said yesterday it plans a £10m floating stage in the Mersey at Birkenhead.

This would serve the Irisb Sea rolt on-roll off freight rontes, saving ships more than one bour per trip through not having to pass through locks into the Liverpool dock sys-

In overall markets, grain and animal feedstuffs showed the higgest cargo increases, rising 25 per cent. Bulk liquids were up a simi-

lar amount and scrap metal rose 17 per cent. Containers pnt on 5 per cent in spite of a difficult international trading climate, particularly on North Atlantic routes.

Mr Trevor Furlong, chief executive, refused to elaborate on the Medway negotiations because both sides had signed confidentiality agreement. However, he stressed the south-east ports would be "totally complementary" to Liverpool

The Medway Ports were privatised last year via a £29.7m management and employee

Mr Furlong refused to confirm reports he was negotiating at about £75m, a price which might politically embarrass Mersey Docks' largest shareholder.

GRE to launch direct insurance operation

By Richard Lapper

GUARDIAN ROYAL Exchange. the composite insurance group. is to launch a new subsidiary to sell motor and home insurance direct to the public. underlining the growing popularity of direct telesales operations in the UK market. Mr Ray Pierce, a manage ment consultant and former chief executive of Rohson Rhodes, the accountants, is to head the new company, which will begin underwriting before the end of the year.

GRE will also continue to sell personal lines policies through brokers, but Mr John Sinclair, head of the UK operations, said: "We recognise there is a growing customer requirement for direct marketing of insurance.

GRE, which said it had made the decision following "an extensive study of the trends in the UK, US and European personal insurance markets",

is following the example of Royal Bank of Scotland, which pioneered telesales of motor insurance in 1985 and bas recently reported impressive

Other direct writers include Churchill, a subsidiary of Switzerland's Winterthur. Among the six biggest composite com-panies, Royal Insurance has the higgest direct writer. The Insurance Service, while two other companies - General Accident and Eagle Star have also established separate direct writing subsidiaries.

Analysts criticised GRE's

delay in responding to the trend, especially in view of the company's experience in Ireland where its PMPA subsidiary is a leading direct insurer.

"Everyone is talking about direct writing as if it is some-thing that has miraculously emerged in the last 12 months," said Mr Steven Bird. an analyst with Smith New Court. He expects direct writers to win a growing share of the home and motor insurance

Mr Bird drew attention to the cost advantages enjoyed by the higger direct writers. For example, Direct Line has an expense ratio tempenses as a percentage of premiums) of less than 15 per cent compared to an industry average of between 25 and 30 per cent. GRE has not yet decided either the name of the new subsidiary or where it will be based, postponing either decision until Mr Pierce assumes

his position next month As bead of Rohson Rhodes, Mr Pierce was the first non-accountant to head a leading accounting firm. Now 47, he was previously chief executive of the Mortgage Corporation, where he launched Mortgage Corporation Direct. He has also been a vice president of Ameri-

Standard Chartered legal action re-started

DIVIDENDS ANNOUNCED

payment

1.25 3.3

payment

Oct 14

Oct 12

Oct 14

Dividends shown pence per share net except where otherwise stated, †On increased capital, #Insh pence, ‡Final dividend of 3.3p (7.6p) forecast.

By John Gapper

STANDARD CHARTERED, the UK-based international hanking group, yesterday disclosed that a legal action against it by a Malaysian husinessman had heen re-started in the high court in Singapore after it was

dismissed by Malaysian courts. Standard said the proceedings against it had heen restarted by Monsia Investments, which is controlled by Mr Yap Yong Seong. The £98m claim

Bournemouth Watr....int

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Mersey Docks River/Merc Sm

hank after Mr Yap's company allegedly defaulted on a loan. Standard said the claim, was without merit and wholly misconceived". It said that It would "vigorously and confi-

the basis of its legal advice. Standard said it was continuing to press its own claims in the Malaysian courts to recover from Mr Yap and his associated companies sums that it was due.

ponding

1.25 3.3

Total

year

85

dently" defend the action on

lift Navan Navan Resources, the Dublin-

Hungary helps

hased mining company, achieved pre-tax profits of I£297,000 (£280,000) in the half year to June 30. The advance, from 1£15,000

for nine months, was on turnover of IS3.1m (I£1.6m) resulting from the six month contributiou from the Hungarian industrial mineral operations acquired on October 1. The directors hope to acquire an additional mining operation in Hungary, bringing the number there to five overating mines.

Correction

Holmes Protection and Faisal Finance

The investor who failed to honour an agreement to buy 1m shares in a Holmes Protection placing was not Faisal Finance (Switzerland) as suggested in yesterday's edition. Holmes and Faisal, a Holmes shareholder, said yesterday that their relationship was harmonious. We apologise for the error.

Wates declines to £860,000

activities

BT gains

over MCI

veto powers

By Andrew Adonis BRITISH Telecommunications has succeeded in gaining wideranging veto powers over MCI's business activities as part of its deal to buy a 20 per cent stake in the US long-distance telecommunications operator.

Details released yesterday on the terms of the \$4.3bn (£2.88bn) deal, agreed in principle in June, give BT a veto on any purchase by MCI of a business worth more than 20 per cent of its market capitalisation, and on any purchase of a non-core husiness worth

more than 5 per cent.
BT has also secured the right to veto the sale of any MCI assets worth more than 15 per cent of its market

Although such restrictions are not uncommon in the US, they reflect BT's concern at the vulnerability of its investment should MCI wish to change its strategy, which hitherto has centred on building itself up as a powerful long-distance and overseas competitor to AT&T in the telecommunications hasi-

. 3

WATES CITY of London Properties, all of whose properties but one fall within the core of the City, suffered a sharp decline in profits in the six months to June 30 and passed its interim dividend.

Pre-tax profits fell to £860,000 compared with £3.74m, in large part because net rental income was £1.8m lower at £6.12m. Mr John Nettleton, finance direc-tor, explained this was primar-ily a result of the sale at the end of 1992 of 1-6 Milk Street for £9.35m and 20 Cannon Street for £14.2m. These two investment properties, he said.

were "over-rented and old [about 20 years]. Some time ago Wates decided to concentrate on new

developments in the form of joint ventures, Mr Nettleton said, and to this end, £23m of the proceeds was channelled into the joint ventures and not to pay off debt, which stood at £95m at the period-end. This has since been reduced

by £12m, almost all of the sale price for Bolsa House, Cheapalde, which Wates sold to Tesco earlier this month for £12.7m, almost 30 per cent above the 1992 year-end valuation. Mr Nettleton said this had excited analysts seeking

boom. He said that Wates had been weathering the storm for three years now and that he felt some confidence was seeping back into the property mar-Administrative expenses fell to £1.02m (£1.37m1 and manage-

the seeds of the next property

likely to hang over the share price.

oversold.

Other analysts said Medeva had been

Mr Taylor confirmed that his chairman

and chief executive roles would be split. Mr Ian Gowrie-Smith, the founder and

managing director who has never had a

line management function, would continue to lead the team executing Medeva's acqui-

ment fees received swelled to £831,000 (£175,000). Interest payable rose to £4.66m, though last time's £3.25m had £1.2m of capitalised interest stripped out. Earnings declined to 0.44p (1.95p) per share, and Mr Nettleton said the dividend was omitted (0.77p), hecause of a deficit of about £20m in the

Bruntcliffe buys Tarmac quarries

By David Blackwell

BRUNTCLIFFE Aggregates is to buy Northern Scottish Quarries from Tarmac for £12.5m in its first deal since a trio of industry executives brought it to the market in the spring.

The company will fund the purchase with bank debt and a placing of 28.6m shares at 35p apiece, raising £9.1m net of expenses. About 69 per cent of the shares will be subject to a shareholder claw-back on the basis of 23 shares for every 20 held. Bruntchiffe's shares were suspended yesterday at 36p

pending completion of the deal. Mr Mike Wallis, chief executive, who used to work for both Tarmac and Evered, said that Northern Scottish was the sort of company he was looking for Bruntcliffe was when launched.

Tarmac said it was selling the business as part of its divestment programme launched in early-1992 to refocus on its core construction and huilding material activities. It has now sold 15 compa-nies and raised £223m towards its target of £300m by the end of the year.

Northern Scottish Quarries, which employs 180 people, had a 1992 turnover of £11.9m and operating profits of £1.5m.

Subject to shareholders' approval of the deal, Bruntcliffe will pay £3m to Tarmac on completion on September 20, and £7m by the end of the year. The final £2.5m will be paid by December 31 1996.

Bruntcliffe owns sand and gravel quarries in Warwickshire and Pennsylvania, where It also has a coal reprocessing operation. Mr Wallis said turnover of the present company was between £3m and £4m.

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LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

O & Y WATER STREET CREDIT CORP.

NOTICE OF (i) ADJOURNMENT OF HEARING TO CONSIDER CONFIRMATION OF JOINT PLUN, TO SEPTEMBER 14, 1995, (ii) COMMITTEE'S ELECTION TO CAUSE TITLE TO BUILDING LOCATED AT 59 WATER STREET, NEW YORK, NEW YORK, TO BE TRUNSFERRED BY MEANS OF DEED IN LIEU OF FORECLOSURE, UND (III) PROPOSED PRESENTMENT OF EVIDENCE OF ADEQUACY OF CONSIDERATION FOR SUCH TRANSFER

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COMPANY

NOTICES

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£250,000,000 Floating Rate Notes Oue 1997

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ANDERSON RILL OLICK & OSTIINSKY, P.C. Americes for the Official Committee of Coeffices 646 Third Accesse New York, New York 18017

SAINT DOMINIQUE CORPORATE FINANCE LIMITED

As period a rengament in a language of the Crist National Group the above compary has been period into a sold entitle international of the Above company at pure that the credition of the above company at required on of beyon 25 September 1993, to seed their names and soldnesses, and the promotion of regard on the heart 25 September 1993, to state their regards on the heart 25 September 1993, to state their regards of their solitations and the manner and additions of their solitations on the parameter of their solitations on the parameter of their solitations of the Nates, the interest representations to A with a most and the date for the period 24th August 1992 to a Childred Change, 200 Addregate Street, Louding ECTA 411, England, the Lapindair of the above sorgeons. If you required by notice in writing from the Lapindairy such changes, each personality of the properties of th If you required by notice in writing from the liquidaters, such exclusive, each preventile of by their solicitors of legal tepes offactors, while mend at such time of place to full be specified in the Edgaldators to face, to prove their debts and claims and in default their or their will be excluded from the born in the not of admitting made before anti-debt, approach of the above company with a detailed of the above company with a face been paid. A Williams, C. M. H. & Logaldators.

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Notice is hereby given that for the Interest Period 15th August, 1993. to 20th Nevember, 1993 the Notes will carry a Rate of Interest of 3.625 per cent, per annum with an Amount of Interest of U.S. \$93.65 per U.S. \$10,000 Note and U.S. \$936.46 per U.S. \$100,000 Note. The relevant Interest Payment Date will be 20th

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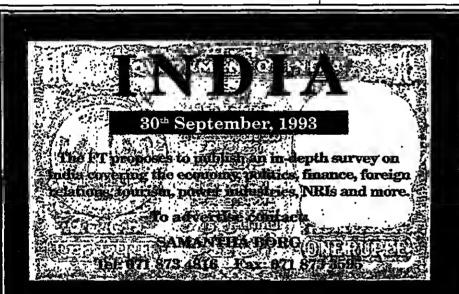
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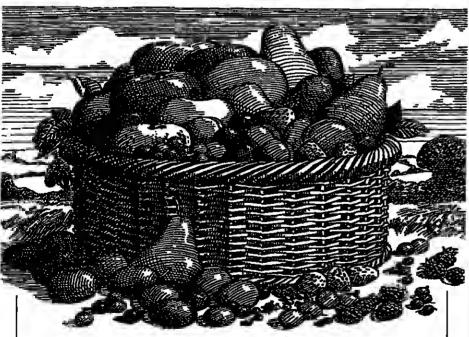
State Bank of South Australia U.S.\$63,000,000 Undated Floating Rate Primary Capital Notes and U.S.\$25,000,000

Undated Floating Rate Primary Capital Notes inteed by the Treasurer of the State of South Australia

NOTICE is hereby given that the Notes mill be redeemed at their principal amount on 28th September, 1993 in accordance with Condition 5 (c) of the

General Manager, Global Treasury State Bank of South Australia 25th August, 1993





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9.00% Convertible Subordinated Guaranteed Debeutures Due March 1, 1997

Due April 1, 1986 and

NOTICE IS HEREBY CIVEN to the holders of the above referenced Notes and Debentures issued by Trans-Western Exploration Finance N.V. guaranteed by Trans-Western Exploration, Inc. that the Trustee has received \$48,864.20 as a final distribution for Class 8 claims under the joint plan of reorganization of Trans-Western Exploration, Inc. and Trans-Western Production, Inc. in their bankruptcy proceeding in United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Nos. 385-31045-F-11 and 385-32306-F-11. The full amount of such distribution has been applied by the Trustee to pay its outstanding fees and expenses, in-cluding reasonable attorney's fees and expenses, in connection with the notes and debentures which ex-ceed the amount of such distribuceed the amount of such distribu-tion. The indentures for both the notes and the debentures provide that any monies collected by the Trustees shall first be applied to pay all fees and expenses owed to the Trustee under the indentures prior to the payment of any amounts to the holders and that the Trustee has a lieu on such finds prior in the a lien on such funds prior to the holders to secure payments of amounts owed to it. Accordingly, no funds are available from such distribution to make any payments to the holders of the notes or the

NationsBank of Texas, N.A. Trustee (successor Trustee to

First National Bank in Dallas) Publication Date: August 18, 1993

ABN-AMRO

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US Dollars 150,000,000

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1992 due 2002

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period from August 24, 1993 to February 24, 1994 the

Rate of Interest has been

fixed at 51/4 per cent. and

that the interest payable on

the relevant Interest Pay-

ment Date, February 24,

1994 against Coupon No. 3

in respect of US\$ 5,000 no-

minal of the Notes will be US\$ 134.167 and in respect

of US\$ 100,000 nominal of

the Notes will be US\$

MBE Finance N.V.

US \$50,000,000

Guaranteed Dual Basis Bonds due 2002

CORRECTION NOTICE

provisions of the Notes, notice is hereby given as

nterest period: August 20, 1993 to February 22, 1994

accordance with the

February 22, 1994 3.9375% per amus

ABN AMRO BANK N.V.



to ensure expansion

in March the group said it planned to strengthen the balance sheet by floating its US environmental business on Nasdaq, raising about \$25m (£16.7m) but retaining control.

The company's scope for investment in its businesses has been hampered by a high level of debt and the cash drain quarter of next year. Graseby's half year profits

This would be floated once market sentiment in the US environmental sector bad improved, possibly by the first

rise represented a 12 per cent increase in earnings from 5.1p to 5.7p. Sales grew 22 per cent

Gearing rose from less than 100 per cent to 119 per cent at end of the period on net payment of the £4.7m dividend debt of £26.7m as a result of

a COMMENT

COMPANY NEWS: UK

Setting a more conservative dividend policy was always on the cards once a decent interval had elapsed after the restructuring. By cutting the dividend payment and floating the US business, Graseby could within 12 months have repaid all its debt, finally allowing acquisitions that involve good-will write-offs. The hitch is if Graseby is forced to delay flotation of its US busin because the environmental sector remains in the doldrums -It has underperformed by 20 per cent in the past six months. But even without the float proceeds, profits are likely to be £10.5m for the full year, giving 11.7p of earnings and a market rating justified by the yield premium that still remains after the dividend

ing profits from fibre products

fell to £200,000 (£900,000); indus-

trial textiles contributed

£200,000 following a £100,000

loss previously; and engineer-

Earnings per share rose to

L6p (1.3p) and the interim divi-

incurred within the wire ropes

sector - included the closure of

the fish ropery in Beverley,

The group has shed almost

and a half years, leaving 4,453

Humberside.

at June 30.

ing profits were 11m (113m).

dend is unchanged at 1.25p. The restructuring costs

Monument Graseby to cut pay-out Oil and Gas ahead to £5.7m

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By Deborah Hargreaves

MONUMENT OIL and Gas, the UK exploration and production company, saw pre-tax profit more than double, from 52 Im to £5.66m, in the half year to June 30.

"We've been through an extremely tough period with the coal review. Oil prices are still weak, but we've been able to preserve our cash and expand overseas," said Mr Tony Craven-Walker, manag-

ting director.

The government's coal review had placed a question mark over the development of the Liverpool Bay oil and gas field - in which Monument is involved - since it had threat-ened to withhold approval for the Connah's Quay power station which is to hurn the

Hnwever, Mr Michael Heseltine, trade and industry secretary, approved Connah's Quay at the end of March and the Liverpool Bay project is to go ahead later this year. Mr Craven-Walker said Monument's share of the funding for the £2bn project was £270m. which the company was hoping to raise on a project finance basis.

Mr Craven-Walker warned the City that debt levels in the company would rise significantly as it embarked on the development of Liverpool Bay. He said the second half of this year was a "major milestone," for the company, with Liverpool Bay expected to generate ubstantial future cash flow.

Monument is beginning to expand overseas as opportunities in the North Sea dry up. It bas targeted South America and south-east Asia for expansion. The company has drilled its first well in Argentina and The full-year results will include further restructuring is currently drilling two more: it will have the results in several weeks. Monument is also exploring in Bolivia. 1,000 employees in the last two

He still sees some room for growth in the North Sea where Monument put in place £12m financing for the Johnston gas field and began development in June.

Rarnings per share jumped to 0.8p (0.29p) but the com-pany has decided not to pay a dividend because of the heavy financing costs to come in the second half.

Turnover fell to £17.2m (£20.8m): Production slipped to 7.900 barrels a day after the disposal of the Buchan field. substantially when Liverpool Bay comes on stream in late

Bridon jumps 57% despite costs

By David Blackwell

By Richard Gourlay

expansion.

GRASEBY, the electronics group, is to cut its final divi-dend to retain more funds for

The group, which yesterday

announced pre-tax profits up 18 per cent to £4.87m in the six

months to June 30, will main-

tain an interim payment of

3.3p.
But at the full year it will

pay only another 3.3p, making 6.6p for the year, a substantial

fall on last year's total of 10.7p.
Mr Paul Lester, chief executive, said he felt it was right to

maintain the dividend while

the group had been restructur-ing following its acquisition of

Tace and Goring Kerr two

years ago and the sale of most

of Cambridge Electronics' busi-

nesses from which Graseby

The board now felt it was

appropriate to retain more of

the cash within the company

to fund growth. The shares fell

6p to close at 179p on news of the dividend cut.

BRIDON, the Doncaster-based maker of ropes and other engineered products, lifted firstbalf pre-tax profits by 57 per cent, from £700,000 to £1.1m, in spite of a rise in restructuring costs from £500,000 to £1.2m.

The advance in operating profits, from £3.4m to £4m, in the six months to June 30, was described by Mr Brian Clayton, cbairman, as a "nseful improvement" and he predicted further advances as the benefits of the restructuring flowed through.

In the short term, however, he said "market conditions are expected to remain relatively unhelpful and continuing cost reduction remains the main driving force in our efforts to

SUNLEIGH, the USM-quoted

leisure products group, lifted pre-tax profits from £11,000 to £208,000 in the first half of 1993

despite substantial losses by

trial business, which was sold

Operating profit from con-

in June for £25,000.

improve margins."
Bridon also announced yesterday that It had won two bridge contracts worth £2.5m for the second Severn crossing between England and Wales and a bridge in Sydney, Australia.

Mr Clayton said that contract work was now making an increasing contribution to turnover at the wire ropes division. The group is planning to invest £2m in the next 12 months in this sector. UK exports also benefited

from improved margins because of sterling's devalua-

Wire ropes contributed £112.6m (£107m) to group turnover of £163.8m (£162.5m). Operating profits from wire ropes doubled to \$2.6m. Operat-

tinuing operations rose from £77,000 to £487,000 on sales rev-

enue ahead 39 per cent from £6.13m to £8.55m. Including

Gavel - acquired in April 1992

periods the sales rise was

£504,000 and operating profit

advance £606.000.

£73.7m to £59.9m through control on stocks and debtors.

Working capital fell from

Acquisition helps Sunleigh to £208,000 Earnings worked through at 0.05p (0.1p losses). Mr Robert Upsdell, chairman, said that the commitment to the organic develop-

es by investing in new products was "already justified by the encouraging results."

Bass poised for Indian expansion

BASS bas signed a joint venture agreement with INN Realty Hotel Ventures of India to develop 70 franchised Holiday Inn botels throughout India over the next 10 years, writes Philip Rawstorne.

The joint venture will focus on secondary cities, catering to a domestic market of an estimated 30m bouseholds. Bass has only four Holiday Inn franchises in the subconti-

nent, at Bomhay, Bangalore, Hyderabad and New Delhi. It said yesterday that it had identified a growing demand for top-class botel accommodatioo throughout the country. Murray Intl Net asset value per ordinary

performed the FT-A All-Share

share and per B ordinary share at Murray International Trust increased from 248.6p to 311.8p over the 12 months to June 30. Revenue after tax for the six months to end-June was

£6.23m (£6.09m), equal to earn-

ings per share - assuming full conversion of the B ordinary of 5.15p (5.05p). A final dividend of 3.5p has already been forecast which, coupled with interim instalments totalling 8.1p, makes a total of 11.6p. For the year to end-December 1994, the directors forecast an interim divi-

River Merc Smaller

River & Mercantile Smaller Companies Trust saw its net asset value rise from 99.27p to 132.2p per share over the 12 months to July 31.

SmallCap Index (Excluding Investment Trusts), and out-

The 33 per cent advance matched the rise in the FT-SE

Index, which rose some 27 per cent over the same period. Attributable revenue improved to £1.02m (£924,000) for earnings of 4.07p (3.69p) per share. A recommended final dividend of 2.75p lifts the total for the year to 4p (3.9p).

Instant Zip Up

Instant Zip Up, a supplier of scaffolding and powered access platforms, has been acquired

Upright of the US in a deal valued at £2.7m.

Equity funding was provided by 3i, the investment capital group. Management was advised by Arthur Andersen and debt facilities provided by TSB Commercial Finance and

National Westminster.

by its management from

Staneico, the USM-traded thermal processing equipment manufacturer, saw pre-tax £39,000 over the 12 months to February 28. Turnover improved from £839,000 to £1.43m.

The outcome was struck after charging £61,000 as costs of seeking acquisitions and holding company charges. Trading since the year end has been difficult, the company

Scottish Eastern

Net asset value per share, after deducting prior charges at par, of the Scottish Bastern Investment Trust stood at 86.6p at July 31. That compared with 79.2p at the January 31 year end and with 62.8p a year ago. Pre-tax revenue for the half year fell from £7.7m to £6.8m, partly due, the company said, to increased investments in Japan. Net revenue emerged at £5.12m (£5.55m).

Despite the fall in earnings from 0.87p to 0.8p the interim dividend is raised to 0.52p

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FT Susiness Exterprises Ltd. Registered Office: Number One, Southwark Bodge, London SE(9HL, England, Registered No. 980896, VAT Registeration No. OB 278 3371 21.

A REDUCTION in costs helped the restructured Wace Group, the pre-press and specialist printing company headed by Mr Frans ten Bos, to more than double pre-tax profits from £3.3m to £7m in the half year to the end of June 1993. The result was also boosted by the fail in sterling against the dollar.

Excluding the movement in currency exchange rates, profit before tax and exceptional items rose by 23 per cent to

Severance pay accounted for the bulk of a £3.3m restructuring charge for which provisions were made at the end of last year.

Net borrowings fell to 284.3m (£88.7m) representing gearing of 175 per cent.

Mr Trevor Grice, chief executive, said he was confident

of further reducing debt, but

ruled out making any disposals or acquisitions in the short The UK businesses increased trading profit to £6m (£4.3m) as the workforce was slimmed down by 102 people to

Mr Grice said he had prevented 'silly things such as businesses competing against each other to qual-ily for bonuses" and had reduced the number of print

He warned that there was little sign of a UK economic Profits from the US opera-

tion fell to £3.2m (£3.7m). Mr



Frans ten Bos, chairman: no disposals or acquisitions planned in the short term

Grice, who took over as chief executive last November after the sudden departure of Mr John Clegg, persuaded the banks not to sell the US husi-

In spite of a rationalisation, resulting in a 4 per cent reduction in the workforce to 1,868, two of the businesses, in Phoenix and Dallas, reported losses of \$1.4m. Mr Grice said there was no sign of a pick up in the US

 COMMENT Eliminating costs and refocus-Businesses in continental

Europe, which Mr Grice isfactory result. So far, so described as having "slumped into recession", reported a small fall in profits to £2m good. The real test of Mr Grice's capability is still to come. If he can rejuvenate the US operations, which were once lined up for a fire sale. and grow the husinesses across both sides of the Atlantic without the benefits of a restructur ing, investors will have a lot more to thank bim for. With forecast annual pretax profits of £15m, the sbares - up 5p to 149p - are fairly priced on a prospective multi-

Bradford & Bingley leaps ahead 51% to £58.8m

Turoover increased to £165.4m (£156.5m). The interim

dividend was cut to 1p (2.25p).

Earnings per share of 4.1p com-

pared with a restated loss of

By John Gapper, Banking Editor

BRADFORD & Bingley, the seventh largest building society, yesterday disclosed a 51 per cent rise in Interim pre-tax profits to £58.8m, compared with £38.9m. The figures confirmed the society's recovery from a difficult 1992.

Interim results have shown societies achieving higher profits by increasing the spread between interest charged on mortgages and paid on retail savings products despite increases in provisions for bad and doubtful debts.

ther evidence that societies are facing strong competition from executive, said it was "reassur- sions to 19.9m (17.4m).

By Tim Coone in Dublin

higher at 10391.4m.

KERRY GROUP, the west of

Ireland-based meat, dairy and

food ingredients company.

achieved a 28 per cent increase in pre-tax profits to I£13.6m

(£12.8m) for the six months to

Turnover was marginally

The profits increase was

largely due to strong cash flow

of 1£29m and lower interest

rates in the US, UK and

Ireland, where Kerry has a geo-

graphically even spread of

One Dublin analyst said the result was "evidence of the strong cash flow the company

can generate even without any

banks and other centralised mortgage lenders, and bave found it difficult to attract retail savings amid falling

B&B raised provisions for bad and doubtful debts to £28.3m (£25.7m). However, it said that both cases of mort-gage arrears and re-possession of houses from borrowers were down, and full year provisions would be "well below" 1992.

Operating profits before bad debt provisions rose by 35 per cent to £87.1m (£64.6m). There was a 4.8 per cent rise in mortgage assets to £10.6bn (£10.2bn) B&B's figures provided fur- cent to £13.3bn (£13.1bn).

Cash flow behind rise at Kerry

major acquisitions. Currency

movements have masked vol-

ume growth in the business, which has gone up by about 4

The second half result will

probably be even better as

interest rates drop further

still and volume growth will be

better reflected in the

The group has expanded rap-

idly over the past five years

through acquisitions, with

turnover and pre-tax profits

now running at three times

of this year have been rela-

tively modest with new husi-nesses added in Canada, the

Acquisitions in the first half

per cent.

figures".

1987 levels.

ing" to see profits being main-tained at similar levels to the second half of 1992. The profit improvement bad been achieved despite difficult trading conditions.

The society's tier 1 ratio of core capital to assets rose slightly to 10.5 per cent. Its gross capital rose to 6.6 per cent of assets (5.8 per cent). Newcastle Building Society announced a rise in pre-tax profits from £5.58m to £6.4m in the half year to June 30.

· Leeds & Holbeck Building Society showed an increase in pre-tax profits to £2.88m and total assets rose by 1.6 per (£2.79m). The society, which is the 17th largest with assets of Mr Geoffrey Lister, chief £2.45hn (£2.29bn), raised provi-

*Our strategic plan for further

expansion in the US is taking

shape. We are looking at a

number of opportunities and

we hope to announce some acquisitions during the second

The tax charge rose from 19950,000 to 1925m which the

half of the year".

company said.

cent to 0.91p (0.79p).

However, the group sald:

performance.

company said was due to the ending of a number of tax concessions enjoyed in the past, and the widening geographic spread of the business. "This will be a typical charge now going forward from here" the

Earnings per share increased hy 15.6 per cent to 7.03p. The interim dividend is lifted 15 per shares is being passed.

Riva falls £425,000 into the red

SHARES OF Riva Groop, the USM-traded supplier of elec-tronic point of sale systems, yesterday fell 6p to 27p on oews of a swing from pre-tax profits of £314,000 to losses of £425,000 for the half year to June 30.

Turnover fell from £28.6m to \$26.4m and operating profits from £972,000 to £164,000. Exceptional provision rose to £252,000 (£174,000).

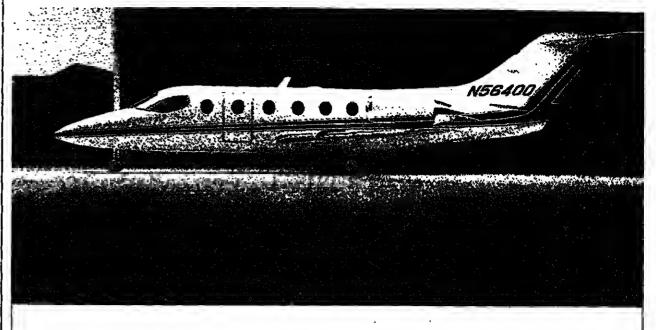
Tradiog cooditions remaioed difficult and operations in Europe were severely affected by recession. In January and February trading was poor and led to changes in European operations.

Staffing levels in France were substantially reduced, the unprofitable business in Germany was in the process of being sold and at the Spanish subsidiary, which incurred a deficit of £377,000 during the half year, urgent measores were being pursued to improve

However, groop trading from March to June had shown an improvement which. combined with further reductioos in overheads, had brought a return to profitabllity on a mooth by mooth

basis. The directors anticipated some improvement in the second half hut warned that the final ootcome was dependent on the extent of the cost of remedial actions required in

Basic losses per share were 1.9p (earnings of Ip). A £21,000 divideod on the cumolative convertible preference



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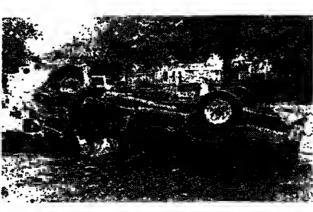
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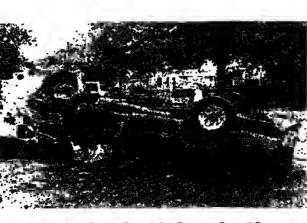
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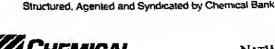
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NATWEST MARKETS



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FIN (NOTAL TIMES

Crop worries push cocoa prices to 22-month highs

COCOA PRICES climbed to 2-month highs in London yesterday on growing expectations that world supply will fall short of demand for the third season in a row.

Reports ouggesting a poor 1993-94 crop in Ivory Coast and Ghana, which produce about 30 per cent and 10 per cent of world output respectively, undernlined the buying mood. tance at £800 a tonne to reach a day's peak of £819, its highest

The December futures contract pushed through resislevel since October 1991. It eased slightly to close up £21 at £815. The next resistance point is expected to be around £832, which would take it to a level last reached in June 1990. contract, which had risen by

sing the tightly con-

trade has started, with growers

being allowed to sell 30 per

cent of their production in the

domestic market. But they are

now demanding that be given

the freedom to export coffee

well disposed to the idea of pri-

vatising coffee export, but the growers' participation in the

trade will have to await

amendments to the Indian Cof-

Liberalising foreign trade in coffee will lead to further dilu-

tion of the role of the Coffee

Board, which now controls

exports through direct sales

and auctions. To start with,

the government will perhaps

certain grades of coffee subject

allow the growers to export

The federal government is

directly as well.

fee Act of 1912.

trolled Indian coffee

\$24 on Monday, was quoted at \$1,060 a tonne in late trading. up another \$6.

People are a hit worried about the crop development, particularly lo west Africa." said a London analyst. "It looks very likely that there will be a deficit, it's just a question of bow big. If the crops don't improve, it's going to be higger than people expec-

ted a couple of months ago."

Ms Judith Ganes, softs analyst with Merrill Lyncb Capital Markets in New York, said she expected the market to go higher. "The fundamentals have been much more clear cut than for coffee in terms of the erosion of stocke and the potential for a third deficit," ohe said.

The International Cocoa otands at about 230,000 tonnes.

Having realised better prices

in the domestic market since

the introduction of the internal

sale quota last season, the

growers are confident that

they will do well in the export

market too. The government,

bowever, will pusb through the

amendments to the Coffee Act

only when a consensus on

gradually privatising the export trade has been reached

among the merchant exporters, local traders, growers and Col-

fee Board employees' unions. The All India Pool Sale Cof-

fee Dealers Association fears

that the domestic market may

be starved of the beverage if

free exports are allowed.

According to an association

official: "Even under the ISQ.

the domestic market is facing a

sbortage of supplies, thanks to the big planters holding back stocks." The trade thinks that

India slackens reins on coffee trade

Liberalisation has improved growers' returns, writes Kunal Bose

at prices between \$974 and \$1,080 a tonne.

E.D. & F. Man, the London hroker, has estimated the the current season's shortfall at 96,000 tonnes, based on produc-tion of 2.36m tonnes. Gill and Duffus, the trade house, has a similar estimate, after a 90,000 tonne shortfall in 1991-92.

However, GNI, the London trade house, which earlier this month put the production deficit at about 100,000 tonnes, suggested the chortfall in supply to world markets was actually about 244,000 becausa Ivory Coast, the world's big-gest producer, had banned midcrop exports. It forecast another big sup-

ply deficit next season of some 241,000 tonnes, and said this ther reductions in world

60,000 tonnes of coffee - the

market might have been bigger

had the Coffee Board given due

attention to the promotion of

the beverage - but the quan-

tity provided under ISQ falls

that it will seek "legal redress"

if it is denied "supplies in right

quantity and gradas". Tha growers have set their sights

on export because export

prices are higher than domes-

tic prices. What, according to

the trade, is forgotten, bow-

ever, is that there will be a

"serious problem" of disposal

of the crop in years of high

production because of the lim-

ited domestic market. The

problem may arise this year as

India is expecting a bumper

crop of 225,380 tonnes - includ-

ing 101,470 tonnes of arabica

and 123,910 tonnes of robusta.

The trade has served notice

far short of that.

stocks, could lead to a repeat of the 1970s bull market. Robusta coffee prices also had a buoyant day in London yesterday, supported by a strong performance by arabica futures in New York the previous day. The Latin American coffee retention scheme, which gained the backing of African producers last week, continued to underpin sentiment.

The November contract after reaching a high of \$1,258.

undar coffee in Karnataka,

Kerala and Tamil Nadu, the

principal growing areas, has received good blossom-time

showers followed by hacking

showers. Last year, India pro-

duced 161,500 tonnes of coffee and exported 113,078 tonnes,

The pace of liberalisation of

the coffee export trade will be

slow till such time the govern-

ment has come to a decision

about the future of the Coffee

Board and its nearly 4,000

employees. The growers, wbo

beliave that the Board bas

largely outlived its utility, are

ready to provide funds for the

voluntary retirement scheme

There is a growing consen-

sus that the Board sbould give

un its marketing role in phases

and concentrate on research

and development, farm exten-

for the Board employees.

worth Rs3.79bn (£80m).

Venezuela seeks private capital to pull aluminium out of the red

Although they are among the lowest-cost producers the country's smelters are finding profits increasingly elusive, writes Joseph Mann

ernment has announced that it will carry out a major reorganisation of the tor, selling some assets outright and seeking new private investors for existing compa-

The assets to be sold include shares beld in aluminium product manufacturers in Belgium, Central America, Puerto Rico

Aluminium is Venezuela's second-largest source of export revenues, after petroleum. However, despite being among the world's lowest cost producers of primary aluminium, the country's government-con-trolled aluminium smelters are generating embarrassing amounts of red ink. Last year the state aluminium sector lost a total of US\$168m and losses this year are projected at about \$218m. The sector also was in the red in 1991.

The state-controlled aluminium group is made up of Ven-alum (a smelter with the world's largest installed capac-ity, owned 80 per cent by the Venezuelan government and 20 per cent by a group of Japa-nese industrial companies); Alcasa (a smelter with two laminating plants, owned 92 per cent by the government and 8 per cent by Reynolds International); Interalumina (an alumina facility; 98.7 per cent government-owned and 1.3 per cent Alusuisse); plus a bauxite mine (Bauxiven) and an anode producer (Carbonorca), both wholly-owned by tbe state, Except for Alcasa and Venalum, the other companies are expected to earn profits this year.

Venalum has installed capac-lty for producing 430,000 tonnes a year of primary aluminium (1992 output was 375,214 tonnes), while Alcasa's capacity is 210,000 tonnes a year of primary metal and products (1992 output was



Venalum, jointly owned by the government and a group of Japanese companies, is the world's largest smelter, but economies of scale have not prevented it from slipping into loss

minium and about 34,000 tonnes of products).

Mr Francisco Layrisse, minister of state and president of the Corporacion Venezolana de Guayana, tha state holding company that controls Venezuela's largest steel, aluminlum, mining and hydroelectric enterprises, says that the government is attacking the aluminium problem by seeking private investors to take over the biggest money loser, Alcasa; selling off some Alcasa assets: and merging three

The CVG also wants to find international investors for other parts of tha industrial group, including iron ore, steel, and gold mining.

Alcasa, operating with only two of its four pot lines, is the sector's most serious problem. While urgently (perhaps the word should be desperately) seeking an international investor to take over the company, the CVG is trying to sell one of the company's two laminating plants outright and will sell

Alcasa's shares in other aluminium companies in Venezuela and abroad. Alcasa is a partner with Reynolds in Aleurope, a laminating and extruding concern located in Belgium, and holds shares in to appear. Alunasa (Costa Rica) and Alruss (Puerto Rico). It also has several joint ventures in

In addition, the CVG is merg-ing all operations of Venalum, Interalumina and Bauxiven and creating a single management team. It hopes to sava money by reducing executive personnel and integrating company strategies and operations.

Venezuela with international

companies, including General Motors, Reynolds, and BWA.

The CVG has been looking for private partners for Alcasa for some time, but the gravity of the company's situation now has added a sense of urgency. In the past, the Venezuelan government has been able to cover losses at Alcasa. Now, however, the government is ltself suffering from a large fiscal deficit and cannot afford to

finance losses at Alcasa or

other state companies. Although the government has not said so, it may be forced to close down Alcasa entirely if heavy losses continue and a white knight fails

Like other world aluminium producers, Venezuela has been hit hard by declining international prices. In the case of Alcasa, for example, the smelter has older, less efficient pot lines (the first line was installed in the 1960s) and suffers from operating and financial problems. During a labour dispute earlier this month, workers walked off their jobs on one production line, forcing the company to close down the entire line until 1994 for major

Basically, Venezuela's two large smelters began to post strong losses after government export incentives were eliminated in 1989-90. They were never able to exploit fully their great advantage: low-cost electric power from the Guri hydroelectric complex located ** No ***

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Metals prices 'still have some way to fall'

there is a domestic market for Nearly 75 per cent of the area

By Kenneth Gooding. Mining Correspondent

BASE METALS prices still have some way to fall before they stage a cyclical recovery, according to S.G. Warburg Securities, the financial ser-

vices group. wide base metals stocks "look borrific". Only copper stocks are at present substantially lower than they were, compared with annual consumption, in the depths of the recesout Mr Euan Wortblugton, because even next year metal head of the mining team.

Warburg calculates that western world aluminium stocks are equivalent to 23.7 per cent of annual consump-tion compared with the peak level of 24.1 per cent; copper stocks represent 16.9 per cent of annual consumption (23.5 per cent at the previous peak); lead 15.3 per cent (13.6 per cent); nickel 32.6 per cent (32.3 per cent) and zinc 23.9 per cent (13.8 per cent.)

sion in the mid-1980s, points stocks will continue to grow October delivery is unwound.

production, together with imports from the Commonwealth of Independent States, will exceed western world

demand. Aluminium, copper, nickel and zinc prices could show further falls in the coming six months as market speculators unwind hullish positions, be suggests in the latest edition of Warburg's International Mining Outlook. "The copper price looks particularly vulnerable Mr Worthington suggests as the squeeze for September-

GOCOA - LCE

Cloos

"Investors in base metal shares should not be fooled. the current period still holds the potential for further downside in base metal prices and consequently pain for their producers.

Mr Worthington says prices have failed to recover as some expected, partly because world economic growth has remained out of synchronisation and partly because of a continuing high level of exports from the CIS and because of the failure of western metal producers to make adequate output cuts.

MINOR METALS PRICES

house, 10.90-11.40 (10.55-11.30).

MOLYBDENUM: European

free market, drummed molyb-

SELENIUM: European free

dic oxide, \$ per lb Mo, in ware-

house, 2.35-2.45 (same)

lb, in warehouse, 4.55-5.30.

TUNGSTEN ORE: Europee

100-115 (same).

(Prices supplied by Amalgameted Metal Trading)

1168-68.5 240,240 lots

Total daily aumover 53,340 lots

fotal daily turnover 3,365 lots

189,634 lots

24,146 lots

AM Official Kerb close Open Interest

396-96.5

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,565-1,610 (same).

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 2.30-2.50 (same). CADMIUM: European free market, min. 99.5 per cent, \$

market, min 99.5 per cent. \$ per per lb, in warehouse, 0.45-0.50. COBALT: MB free markst, 99.6 per cent, \$ per lb, in warefree market, standard min. 65 house, 11.90-12.50 (11.75-12.45); per cent, \$ per tonne unit (10

kg) WOs, cif, 20-33 (same). VANADIUM: European free MERCURY: European free market, min. 98 per cent, \$ a lb market, min. 99.99 per cent, \$ V.O., cif. 130-140 (same). per 76 lb flask, in warehouse, URANIUM: Nuexco exchange

value, \$ per lb, U2O, 6.90

(As at Monday's Tomothic		
Aluminium	+4,450	to 2,025,
Copper'	+6,600	to 504,2
Leed	-1,825	10 277.95
Nicion	+258	to 105,28
Zind	+9,900	to 755,70

Half NZ wool stockpile sold

THE NEW Zealand Wool Board says it has sold off half its stockpile of wool, reports Reuter from Wellington. In February 1991 the board stopped a price support scheme following the collapse of a sim-

bales in the middle of the 1990-91 season. The wool has been sold off gradually to spread the impact

on the market.

ilar system in Australia. It had

held a maximum of 655,228

MARKET REPORT

The London Metal Exchange three months COPPER price eased from tha day's highs in after hours trading but atill showed a gain of about \$20 a tonne on the day. Traders said talk of possible Japanese output cuts and a widening spread, which threatened to bring September \$2,000 call options into the money, triggared widespread short-covering and took tha price up to \$1,948 at ona stage. But profit-taking trimmed the rise and three months last traded at \$1,943 a tonne, with the had widened to \$42 earlier, closing In to \$37 a tonne. ALUMINIUM

London Markets SPOT MARKETS

Crude of (per barrel FOB)(O	c1)	+ or -
Dutail	\$15.00-5.03	
Brent Blend (dated)	\$16,90-6,92	
Brent Blend (Oct)	517 <i>2</i> 3-7 <i>2</i> 5	
W.T.i (1 pm est)	\$16.50-6.510	4.165
Oil products pawe prompt delivery per in	mne CIF	+ or -
Premium Gasoline	\$192-194	
Gas Og	\$165-166	-1
Heavy Fuel Oil	961-63	
Naphtha	\$161-163	
Petroleum Argus Estimates		
Other		+ or -
Gold (per tray oz)#	\$373.46	-0.55
Silver (per troy oz)	479.00c	
Platerian (per troy oz)	\$387.5	-0.35
Palladium (per troy oz)	\$134.25	-1.75
Copper (US Producer)	91.50c	-0.5
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	12.16m	-0.04
Tin (New York)	223.5c	-1
Zinc (US Prime Western)	Unq	_
Cattle live weight!	129.02p	-1.01*
Sheep (live weight)†•	66.33p	+0.03*
Pigs (ive weight)1	69.94p	-3.13*
London daily sugar (raw)	\$240.7	+3.5
London daily sugar (white)	\$296.0	+2
Tale and Lyle export price	2277.0	+4.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	2169.5	
Wheat (US Dark Northern)	€147.0	
Rubber (Sep)♥	59.00p	
Rubber (Oct)♥	69.00p	
Rubber (KL RSS No 1 July	211.5m	

25

continued to find good two-way business around the \$1,170 level for three months metal resulting in a narrow trading range, it closed below that level for the first time since early June, although with a last trade at \$1,168.50, down \$1.50, traders did not regard that as a significant breakdown. NICKEL was under pressure again from hedge selling but continued to find buying on dips below \$4,700 a tonne. Lasl business was at \$4,705, unchanged on the day LEAD drifted despite LME stocks

	- LCE		(S per to
White	Latest	Previous	High/Low
Oct	263.00	281.86	263.50 261.50
Dec	259.10	258.00	260,00 258,30
Vale	259.50	259.50	261.00 259.30
	138 (982) (8.85 Dec		(FFr per tonne):
CRUDE	OIL - IPE		\$/1
	Lates	t Previou	us High/Low
0et	17.18		17,30 17.14
Nov	17.34	_	17.46 17.31
Jec	17.50		17,59 17,44
lan.	17.65		17.72 17.61
eb	17.75	_	17.79 17.72
Mar PE Inde	17.80 17.18		17.87 17.78
ZAS OI	L - IPE		
	Close	Previous	High/Low
Sep	163.50	163,50	185.25 163.50
Oct	168.25	185.50	187.00 186.00
VOV	168.25	167.50	169.25 168.25
	170.25	169.50	171.00 170.25
	172.00	173.75	172.00 171.50
lan			171.26 171.25
lan Feb	171.25	170.50	
ian Feb Viar	169.50	188,50	169.75 169.50
lan Feb Mar Nor	169.50 168.00		169.75 169.50 169.50 188.00
lan Feb Mar Mar May	169.50 168.00 1 <i>67.00</i>	168,50 167,25	169.75 169.50 169.50 168.00 267.50 167.00
Dec Jan Feb Mar Apr May Jun	169.50 168.00 1 <i>67.00</i> 166.50	188.50 187.25 185.25	169.75 169.50 169.50 188.00

	855	832	848 833 858 844
Sep Dec	877	844 859	865 852 878 872
Mar	888	869	892 680
May	896 805	879	905 900 905
ICCO in for Aug	deator pr	(789.52) 1	
COFFE	E - LCE		S/torm
	Close	Previous	High/Law
Зер	1288	1251	1282 1265
Nov Jan	1242 1213	1220 1189	1258 1235 1223 1202
Mar	1197	1175	1204 1186
May Jul	1192 1189	1186	1200 1100 1183
	_	825) lots of	
23 Com (98.43)	p. daily 9	9.29 (67.30)	is per pound) for Au 15 day average 66,6
POTAT	Oits - LC	Previous	£/lann
Apr	76.9	75.4	78.5 78.0
May	67.B		88.0 86.3
Turnove	r 72 (1 02)	lots of 20	onnes.
SOYAN	EAL LO	æ	£/tohry
	Closs	Previous	High/Low
Oct			
		s of 20 tenn	
PREIĜI	Close	Previous	\$10/index point
Aug	1454	1460	1460 1454
Sep	1460	1480	1480 1460
Oct	1485	1485 1495	1500 1485 1505 1485
Nov Apar	1496 1540	1499	1540
gf1	1457	1457	
Tumove	r 262 185	•	
	- LCE		E/tonn
Wheat	Cl096	Previous	High/Low
Sep Nov	104.40 105.50	105.00 106.25	104.75 104.45 108.00 105.50
Jan	107.55	108.30	109.80 107.60
	109.80 117.69	110.50	110.20 110.00 112.25
Mer			High/Low
Mer May	Close	Previous	1.110.0011
Mer May Barloy Sep	Close 99.90		99.85 99.75
Mer May Barley Sep Nov	99.90 102.95	Previous 102.80 105.10	
Mar May Barley Sep Nov Jeri Mar	99.90 102.95 105.20 107.15	102,80 105,10	99.85 79.75 103.00 102.75 105.00 107.15
Mary Barley Sep Nov Jari Mar	99.90 102.95 105.20 107.15	102,80	99.85 79.75 103.00 102.75 105.00 107.15
Mer May Barley Sep Nov Jari Mar Turnove	99.90 102.95 105.20 107.15 r: Wheat 4 r lots of 1	102.80 105.10 14 (66) Bar 00 Tonnes.	98.85 99.75 103.00 102.75 105.05 107.15 key 76 (3).
Mer May Barley Sep Nov Jorn Mar	99.90 102.95 105.20 107.15 r: Wheat 4 r lots of 1	102.80 105.10 114 (66) Bari 00 Tonnes.	99.85 99.75 103.00 102.75 105.00 107.15 key 76 (3).

WORLD COMMODITIES PRICES

lum, 99.7% purity (\$ per tonce

Cush 1148-49 3 months 1171-72

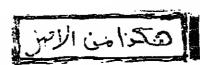
Copper, Grade A (S per tonne)

Previous

1145-46 1167.5-66

### ### ### ### ### ### ### ### ### ##		Total c	kelly furnovi	F 7.700
70tal daily turnever 2,5 4785-93 4835-38 4820-30 11,317 k Total daily turnover 30,5 888.5-99 903-04 897-98 79,723 k 6 months: 1,4804 9 months: ser tonne New York GOLD 100 tray oz.; \$/tray oz. Globe Previous High/Low Aug 371.9 972.5 972.5 972.2 772.3 972.5 973.7 90t 373.1 973.7 975.5 977.0 974.7 975.3 976.7 977.3 976.7 976.3 977.3 976.7 977.3 977.3 976.7 977.3 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 976.7 977.3 977.3 9	4827-28			
4786-90 4838-38 Total daily turnover 30,6 888,5-99 903-04 897-98 79,729 lc 8 months: 1,4804 9 months: or tenne New York GOLD 100 troy oz.; \$/troy oz. Close Previous High/Low Aug 371,9 972,5 372,7 373,9 904 373,1 373,7 378,3 377,0 378,3 373,7 378,3 377,0 378,7 378,7 378,3 377,0 378,7	4675-80			
### Total daily lumover 30,6 ### ### ### ### ### ### ### ### ### ##				
888.5-89 903-04 8 months: 1,4804 9 months: or botine New York GOLD 100 troy oz.; \$/troy oz. Close Previous High/Low Aug 371.9 372.5 372.7 373.5 375. Oct 373.1 373.7 372.5 375.5 377.0 374.7 373.1 373.7 375.5 377.0 374.7 373.1 373.7 375.5 377.0 374.7 373.1 373.2 375.5 377.0 374.7 378.3 378.5				
803-04 897-98 79,729 kg months: 1,4904 9 months: 1,4904 9 months: 1,4904 9 months: 1,4904 9 months: 1,4904 19 months: 1,	400 5 00	Total da	ily lurnover	30,647
Close	903-04	897-98	79,7	29 lots
Close	0 1 40	~	0	
Close			U mo	nunk 1.
GOLD 100 Way az.; \$/kray az. Close Previous HightLow Aug 371.9 \$72.8 \$73.5 \$77.5 \$	gaing			
Close	ew Yo	rk		
Close	4 D 100 to			
Aug 371.9 372.5 372.7 373.5 372.7 373.5 37				
Out 373.1 373.7 375.3 375.3 375.9 375.9 375.9 375.9 375.5 377.0 374.9 375.5 377.0 376.5 376.5 377.0 376.7 376.7 376.7 376.7 376.7 376.7 376.7 376.1 376.7 376.1 376.7 376.1 376.7 376.1 37	371.9			372.5
Dec 374,9 375,5 377,0 377,0 377,6 377,6 377,5 377,5 378,5 377,5 378,5 378,6 378,0 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,1 380,2 385,0 01 380,1 380,1 380,2 385,0 01 380,1 38	372.2	372.8	373.5	372.8
Feb 376.7 377.3 378.5 378.6 378.6 378.6 378.6 378.6 378.6 378.6 378.6 380.1 380.1 380.1 380.1 380.1 380.1 380.1 380.1 380.2 385.2 38	374.9	375.5	377.0	374.8
Oct	376.7	377.3 379.0	378.5 380.1	376.8 350.1
Oct	380,1	380.7	381.9	381.9
Cross Previous High/Low Aug 387.2 387.5 90.0 267 Jan 389.3 388.5 390.0 267 Jan 389.3 388.7 381.0 388.7 Jan 380.1 380.7 382.5 380 Cross Previous High/Low Aug 473.0 476.0 0 0 Jan 473.3 476.3 470.0 477 Jan 473.3 481.4 484.0 477 Jan 478.3 481.4 9 Jan 482.3 482.7 484.0 487 Jan 482.3 482.7 484.0 488 Jan 483.3 483.5 88.9 88.9 88.9 88.9 88.9 88.9 88.9 88		384.2		355.2 0
Aug 387.3 387.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		oz, \$/troy	62.	
Apr 380.1 390.7 92.5 380.4 391.0 391.7 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				
Apr 380.1 390.7 92.5 380.4 391.0 391.7 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	387.3	488 S	390.0	0 267.5
SILVER 5,000 troy oz; centa/troy oz. Close Previous HighVLow Usg 473.0 476.0 0 Sig 473.3 476.3 470.0 473.0 Sig 473.3 476.3 470.0 473.0 Sig 473.3 476.3 470.0 473.0 Sig 473.3 481.4 0 Sig 482.7 484.0 477.7 0 Sig 482.1 488.4 488.5 483.4 Sig 482.1 488.4 488.5 483.4 Sig 482.8 488.2 0 0 Sig 483.1 483.5 483.5 483.5 Sig 483.1 483.5 483.5 883.5 Sig 483.1 483.5 Sig 483.1 483.1 Sig 483.1 Sig 483.1 483.1 Sig 483.1 483.1 Sig 483.1 483.1 Sig 483.1 48	389.3	388.7	391.0	388.5
Close	390.1 391,0	390.7 391,7		390.5 0
Harg 473.0 478.0 0 0 Harp 473.2 478.3 470.0 477 Harp 473.4 477.7 0 0 Harp 474.8 477.7 0 0 Har 478.3 481.4 0 0 Har 482.7 485.9 488.5 483 Harp 480.1 480.4 480.8 480.4 Harp 480.1 480.4 480.8 480.4 Harp 480.1 480.4 480.8 480.4 Harp 480.3 482.7 484.0 480.4 Harp 480.3 480.2 0 0 Harp 480.3 480.2 0 0 Harp 480.3 80.10 80.65 80.65 Harp 880.30 88.20 88.95 80.4 Harp 480.30 88.25 80.90 80.4 Harp 480.30 88.35 80.90 80.4 Harp 480.30 88.35 80.90 80.4 Harp 480.30 88.50 87.10 87. Harp 480.90 88.80 88.80 87. Harp 480.90 88.80 88.80 87. Harp 480.90 88.80 88.80 88. Harp 480.90 88.80 88.80 88. Harp 480.90 88.80 88.80 88. Harp 480.90			troy oz.	
May 480.1 498.4 498.6 498.0 498.1 498.2 498.1 498.6 498.1 498.6 498.1 498.6 498.1 498.6 498.1 498.6 498.1 498.2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Close		High/Low	
May 480.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	473.0	476.0		
May 480.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.6 496.1 496.4 496.2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	474.8	477.7	0	0
May 480.1 480.4 480.6 480.6 480.6 480.6 480.6 480.7 480.7 480.6 480.6 480.6 480.7 480.8 480.7 480.8 480.7 480.8 480.2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	; 477.9 478.3	451,0 481.4	0	477.0
Sep 492.8 496.2 0 0 0 0 0 0 0 0 0		485.9	488.5	4020
200 200	488.3	492.7		
#GH GRADE COPPER 25,000 Rs; centa/Rs Close Previous High/Low lug 85.40 86.10 86.85 86. Sep 86.30 88.20 86.85 86. Cot 86.76 86.30 86.25 86. Cot 86.76 86.25 86.90 96. From 86.90 86.25 86.90 96. From 86.90 86.30 86.90 86. From 86.70 86.36 86.90 86. From 86.70 86.36 86.90 86. From 86.70 86.36 87.00 89. From 86.90 86.90 87.16 87. FRUDE Cit. (Light) 42.000 US gaits \$foarmet Listest Previous High/Low Cot 18.44 86.53 18.57 18.	492.8	498.2 501.5	0 502.0	0 498.5
Aug 86.40 88.10 88.65 88.09 86.30 86.20 88.95 86.30 86.27 86.30 86.75 86.30 86.57 86.30 86.57 86.30 86.57 86.30 86.57 86.30 86.50 86.25 86.90 09.40 86.50 86.25 86.90 09.40 86.50 86.35 86.30 86.30 86.30 86.35 86.70 86.35 86.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 87.30 88.50 88.50 87.10 88.50 88.50 87.10 88.50 88.50 87.10 88.50 88.50 87.10 88.50 88.50 87.10 88.50 88.50 88.50 88.50 87.10 88.50 88.50 88.50 87.10 88.50 88.50 88.50 88.50 88.50 87.10 88.50 88	H GRADE CO	PPER 25,00	00 Ros; cent	edība
Sep 89-30 88-20 88-25 86.95 86.0 10 10 10 10 10 10 10 10 10 10 10 10 10 1				
Dot 68.78 88.30 88.76 88.1 Nov 98.50 88.25 0 0 Doc 88.50 88.25 0 0 Red 98.50 88.25 0 09.1 Red 98.70 88.35 88.90 99.1 Red 98.70 88.35 88.90 88.1 Red 98.75 88.45 97.00 88.1 Red 98.85 88.50 97.10 87. REDDE OIL (Light) 42.000 US gains \$*bannel* Listent Previous High-Low	86.40	RR 20	88.65 88.65	86.40 86.15
Dec 86.50 86.25 86.90 094 sen 96.60 86.30 86.80 094 set 98.70 86.35 86.90 86.1 set 98.75 86.95 87.10 87. set 98.95 86.90 87.16 87. SRUDEL OIL (Light) 42.000 US gails 97barnel Lases Previous High/Low Dec 18.44 88.53 18.57 18.	60.78	86.30	86.75	66.76
ten 96.90 86.30 89.80 09.90 teb 96.70 86.35 86.30 86.1 ter 96.75 86.35 86.90 86.1 ter 96.75 86.45 97.00 89.1 ter 86.85 86.50 97.10 87. SPUIDE OIL (Light) 42.000 US gaits \$7-barnet Lateaz Previous High/Low Det 18.44 48.55	86.50 86.50	64 %	86 <u>.90</u>	09.80
Mar 86.75 86.45 97.00 880. Mar 86.85 86.50 87.10 87. May 86.90 86.80 87.16 87. CHUDEL OIL, Lughty 42.000 US gails Schemet Latest Previous High/Low	96.80 86.70	86.30 86.35	86.80 86.90	09.80
CRUDE OIL (Light) 42,000 US gains Sharrel Latent Previous High/Low Dot 18.44 18.53 18.57 18.5	86.75	45	97.00	86.60
HUDE Off, (Light) 42,000 US gains \$/barrel Latest Previous High-Low 18.44 18.53 18.57 18.5	y 86.90	86.80	87.18	87.10 67.18
Det 18.44 18.53 18.57 18.5	UDE OIL (Light			mai
NT 18.44 18.53 18.67 18.5				
Vov 18,89 18,77 18,83 18,0 Dec 18,85 18,93 18,97 18,0	18.44 18.69	18.53 18.77	18.57 18.83	18.39 18.66 18.83
Vov 18,89 18,77 18,83 18,0 Dec 18,85 18,93 18,97 18,0 Jun 19,01 19,07 19,10 18,1	19.01	18.93 19.07	18,97 19,10	18.83
ab 19.12 19.18 19.20 18.0	19.12	19,18	19.20	18,09
Mar 19.16 19.26 19.29 19.1 Apr 19.25 19.35 19.34 19.3	19.25	18.35	19.34	19,16 19,28
May 18.32 19.42 19.41 19.3	y 18.32	19.42	19,41	19,35 19,36
MI 18.50 19.56 19.60 19.6 MI 19.50 19.56 19.60 19.6	19.50			19.48

				<u> </u>					
HEAT	ING OIL	2,000 US g	pille, conta/	US galls	_ Ct	icag	0		
	Latest	Previous	HighVLo	~	90Y/	BEANS &	000 bu mins o	ents/600b b	ushed
Вер	53.10	63.33	53.45	52.95	-	Close	. Previous	High/Lav	
Oct	64.15	54.48	54.50	54.06	Sep	671/2	673/6	676/6	009/2
Nov Noc	55.10 56.05	55.38 56.40	55.40 56.35	56.05	Nov	671/4	075/4	678/4	069/4
lan	56.75	67.00	80.86	56.55	Jen	877/2	681/6	. 684/4	675/0
-	57.00	57.20	57.05	60.00	Mar	682/8	686/0	658/4	680/0
/ar	56.20	66.35	56.20	55.80	May	683/2	987/5	689/0 691/0	682/4
(pr	55.00	55.15	55.10 .	68.80	Aug	681/0	- 663/0	665/0	675/0
Asy.	54.00	54.30	64.00	53.65	_	RPAN OIL	60,000 lbs; c		
un	54.50	53.80	0	0		Close	Previous		
2000	A 10 ton	es;\$/tonner		<u> </u>	- 3eo	23.52	23.79	High/Lon 24.00	23,42
	Close	Previous	· High/Lo		Oct	23.67	23.95	24.10	23.42
)esp	1006	1000	1017	995	Dec	23.93	24.10	24.37	23.78
Dec	1056	1054	1078	1054	. Jer Mar	24.03 24.10	24.27	24.35	23,00
la-	1090	1068	1100	1008	May	24,20	24.48 24.48	24.50	24.08 24.06
kay	1109	1107	1125	1113	Jul	24.20	24,47	24.60	24.05
	1129 1100	1127	1135	1133 .	Aug	24.08	24.35	24.45	23.95
ec ep	1178	1148 1178	1163 1189	1157 1165	SOYA	BEAN NE	AL 100 tones	\$/Ton ·	
iar	1201	1199	1205	1199	<u> </u>	Close	Previous	High/Low	
lay	1221	1219	1222	1215	Sep	215.1	216.3	217.7	
OFF	E C 37	SOOtbe; cer	tte/lbe		Oct	218.3	214.3	215,5	214.4 212.4
				<u> </u>	_ Dec	213,4	213.9	2153	212.4
	Close	Previous	· High/Los		Jen Mar	213.1 213.5	214.0	216.0	212.5
6 p	75.25	75.75	77.00	75.00	May	213.5	213.B 213.5	214.5	212.9
ec	77,70	78.25	79.20	77.25	Jul	213.2	212.7	214.1 214.0	212.5 212.5
2	79.70	80.35	81,20	79.30	Aug	210.5	211.2	212,0	210.5
ley.	81.00	81,70	82.40	\$1.95	MACE	5.000 bu	min; cents/58	th handard	
, ii	82,20	83.50	B4.00	83.50	==	Close			
eb eb	83.90 87.50	84,95 86,90	83.90 ·	83.90 0			Previous	High/Low	
					Sep	237/2	235/4 245/4	248/4	237/0
UGA	R WORLD	~11° 112,0	00 lbs; cen	ts/iba	Mar	252/0	253/4	254/2	243/6 251/6
	Close	Previous	High/Lov	,	May	256/6	257/6	258/8	258/8
lat	9.36	9.28	9.37	9.23	- Jul Sep	250/4	200/0 251/4	261/0	258/9
ier	9.54	9.47	9.54	9.43	Dec	242/4	243/8	252/J 244/4	250/4
key	9.63	9,57	9.56	9.50	WHEA	T 5,000 thi	mirr, centure		-
	9.71	9.63	9.71	9.63		Close	Previous		
lat	8.74	9.64	9.74	9.63	Sep	300/2	300/8	High/Low	
OTT		ibs, cental	bs .		Dec	216/0	315/8	312/6 318/6	307/4 314/2
	Close	Previous	High/Lov	,	Mer	318/2 312/4	317/4	320/4	316/4
kat	85.60	55,48	55.95	55.50	Ju	301/2	312/0 . 301/0	314/0	310/4
ec	58.54	56,48	55.95	56.51	Sep	305/2	305/0	302/2 0	. 0
-	68.10	57.88	58.45	67.99	Dec	312/0 .	312/2	\$12AD	312/0
lay	68.77	58.65 58.38	59.18 50 PE	59.00	UVE	ATTLE 40	.000 ibs; cent	s/fbs	-
ul let	59.47 59.58	59.93	59.85 60.33	59.75 59.79		Close	Previous	High/Low	
ec.	59.65	60.40	60.28	80.55	Aug	74.125	74.675		
		15.000 Res	- Carolina Tarre		· Oct	74.325	74.500	74.550 74.550	73.725 73.900
-				· ·	Dec Feb	76.076 75.575	75.125	75.325	74,775
	Close	Previous	High/Lov	' .	Apr	76.850	75.625 -76.600	75.725	75.375
ap	120.80	120.10	122.25	120.00	Jun	73.400	73.375	78.760 73.478	78.400 73.200
OV	123.73	123.45	125.30	123.10	Aug	72.200	72.15g ·	72.250	72.100
an 	125.28	124.90	126.40	124,70	LIVEH	OGS-40,00	O Rt cents/k		
	128.75 127.65	126.80 127.45	128.00 0	120.00		Close	Prendotas	High/Low	
d d	127.90	127.46	127.80	12635	Aug	01.200	- 50.600		
ap	125.80	125.46	0	0	Oct	45.425	45.375	81,500 45,550	50.300 46.050
אַס	125.90	125.45	0	0	Dec Feb	45.550 45.300	45.776	45,775	45.425
n.	125.90	125.46	0 .	٠.	Apr	44.153	45.450 44.175	45.560	45,300
_					Jun	49.076	48.100	44.250 49.100	44.100
_	ICES				Jul	48.000	47.900	48.100	49,050 48,000
REL		ee-Geptamb		,	Aug	46.750	45.750	0 .	0 :
_		. Aug 23		o yr ago	PURK		0,000 lbs; ce	URB/ID	
	1626,6		1698.3	1523.4		Close	Previous	High/Low	
DO	N TOMES	(Base: Dec.			Aug .	39.776	30.050	40,400	
	Aug 23		moth ag	o yr.ago	Feb:	48.360 .	47.675	49.525	37,060 47,800
Spot	123.24		124.34	117.45	May :	47.876 48.560 .	47.375 - 47.800	48,700	47.550
ulu.	es 125.28	124,75	129.58	116.66	ِ العلب •	49.900	.50.00n	49:150	48.550
					Aug	40 900	48.750		49,900



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LONDON STOCK EXCHANGE

Footsie at peak as US buyers return

By Terry Byland, UK Stock Market Editor

LONDON stocks were quick to follow the lead from across the Atlantic yesterday and, encouraged also by optimism in Ger-many ahead of this morning's meeting at the Bundesbank, the FT-SE 100 index rose nearly 30 points to a new clos-

ing peak of 3,079.2. US buyers appeared again in strength towards the London close, when Wall Street was extending its move into record territory and the US dollar was moving higher. They picked up shares in the leading oil and pharmaceutical companies, as well as, more selectively, across the broader range of the London market.

Impressed by predictions from leading hanking economists in Germany that the Bundesbank will cut its key discount rate today, UK analysts sounded more confident on the timing of rate cuts in Europe. The mood in London was summed up by one leading strategist who commented vesterday: "If they (the Bundesbank) do not act today, they will sooner or later, so the timing is not so compellingly

Dealers stressed that the chief impetus behind the renewed advance in equities the US buyers who helped drive the Footsie above the

Heavy sales of mutual funds in the US, with particular success for funds aimed at investment in the UK and other European stock markets, have underpinned confidence that US investors are returning to equity

investment in strength.
The FT-SE Mid 250 Index also rose to a new peak yesterday, gaining 21.4 to 3,495.6. The strong rise in the UK stock

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market's two most widsly quoted measuring rods was also underlined by high trading volume in equiries, with non-Footsie stocks making up around 58 per cent of the day's Seaq total of 731.8m shares. On Tuesday, Seaq volume of 539.4m shares represented £1.25bn in retail, or customer. business, a return to the average daily totals established

over the past twelve months.

TRADING VOLUME IN MAJOR STOCKS

Equities opened higher on the back of Wall Street's move overnight to an all-time peak and found additional encouragement from increased activity in the derivatives market. At the day's best, the Footsie reached 3,081.8, within 8 points of the intra day peak reached on Aug 19. Marketmakers again found themselves very short of stock because fund managers instantly cancelled

any selling orders previously placed with stockbrokers. "You dare not sell anything on a day like this because it will cost you dear to try and buy it back an bour later," said one dealer. Pressures were particularly harsh in the oil share sector which bore the full weight of US buying and dollar

Equity market market confi-dence brushed aside the widely-expected rights issue from MB-Caradon, which cams in at £334m, and also a £500m Eurosterling bond from BT.

Dealers ascribed the renewed advance in the market to a ish arguments which have driven UK stocks ahead since the beginning of the month; a perception of low inflation, fall-ing interest rates and a recovery, albeit slow, in the domes-

tic economy.
On this basis, London will pay close attention to Wall Street's performance overnight as well as to the outcome of today's meeting of the Bundesbank policy council.

Accoun	t Desing	Dates
*First Dealings: Aug 18	Sep 6	Sep 20
Option Declaration Sep 2	Sep 18	Sep 30
Last Dealings: Sep 3	Sep 17	Oct 1
Account Degs Sep 13	Sep 27	Oct 11

Oil issues extend recovery

AN OIL sector that has doggedly underperformed the market in the past month built convincingly on Tuesday's better performance as Wall Street continued to more to record

Sizeable US buying overnight filtered through into London at the outset of trading vesterday, driving share prices sharply higher as marketmakers, already keenly aware of a growing stock shortage in London, began to chase stock prices higher in an attempt to cut their trading positions.

This only exacerbated a situation which increasingly difficult in the afternoon session when one of the US investment banks was seen aggressively hidding for stock in the oil

Talk of events in Nigeria a ssibly driving oil prices higher were ignored by London oil sector specialists who said the upsurge in share prices was down to three reasons; a stock shortage; the strength of the dollar: and Wall Street's latest move to record levels. There was no real boost to share prices from oil prices which were barely changed on the day.

BP surged higher in the wake of the aggressive US buying, closing 12% higher at 317%p with turnover expanding to a good 9.9m shares. Shell

NEW HIGHS AND LOWS FOR 1993

NEW HIGHE (2018).
BRATISH FLRROW R) E.C. 12pc '98, Cv. 101-pc '99, Cv. 9pc '00, Tr. 44ppc II, '98, Tr. 2pp II. '89, Tr. 2pp III.
moved up 11 to 6711/p on 4.Im

Deal welcomed

The market was cheered by confirmation that building products and printing company MB-Caradon is to acquire RTZ's building and electrical subsidiary Pillar, in a much heralded £800m deal.

As widely predicted, the acquisition is to be partly funded by a one-for-four rights issue at 260p, to raise £334m, with the rest of the payment coming from Caradon's existing cash pile. Market watchers have been

waiting to see how the proceeds of last April's sell of Caradon's 25.3 per cent stake in CarnaudMetalbox would be used, with many urging the company to buy a lot of sales cheaply. Researchers of the sector said the deal meets that requirement and the shares jumped 32 to 341p, at the day's peak in hectic trading before surrendering some of the earlier gains in profit-taking. They finished a net 24 ahead at 336p. with volume reaching 6 8m. more than double the daily

Having released humper interim figures at the same time, analysts tinkered with full year estimates for 1993 but moved to sharply upgrade 1994 profit forecasts substantially. Mr Howard Seymour at BZW raised his forecast by £70m to 210m. and predicted earnings per share would rise from a previous estimate of 16.7p to

Shares in international mining and metals group RTZ jumped 10 to 712p, in trade of

Drugs active

The rehabilitation of the UK drugs sector, which began in earnest a couple of weeks ago when a burst of US buying triggered a general re-rating of the sector, continued yesterday and was again driven by US

London marketmakers were said to have been caught short of the front line stocks such as Glaxo, Wellcome and Zeneca, all of which performed strongly. Zeneca, first traded around 592p in May this year, following its demergar from ICI, jumped 15 to a record 712p on 2.4m traded. Glaxo put on 5% to 583p and Wellcome 12 to

756p.
The BZW profits upgrade continued to bolster ICI which moved up 6 to 696p. Hickson International was a

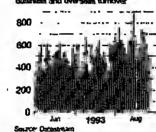
rare weak spot in the chemi-cals area, the shares losing 13 to 171p after the 17 per cent profits fall and a disappointing accompanying statement. US activity provided the lion's share of turnover in Vodafone where a block of 7.5m shares traded at 561p,

simultaneously with a block of 750,000 ADRs traded at \$84.89. The two classes of BT made modest progress after the £500m eurosterling bond. BT "old" edged up 2% to 425p and the partly paid 3 to 183p.
There was no let up in the

FT-A All-Share index



Turnover by volume (militari) Excluding: httra-market business and oversess turno



demand for Barclays Bank which has followed the appointment of Mr Martin Taylor as the bank's new chief executive as from next January. Turnover in Barclays topped 8m shares with the stock price surging ahead to close a further 10 up at a record 515p. Lloyds Bank also attracted sustained institutional support, ending a busy session 9 to the good at 548p. NatWest added 5 at 495p and Standard Chartered 13 at 938p.

The composite insurance sector was much calmer with Gnardian Royal 4 firmer at 214p ahead of interim results expected this morning. Lowndes Lambert was the pick of the insurance brokers, moving up 12 to 443p on talk of a

broker buy note. A broker buy recommendation was said to have lifted National Power 81/2 to 3651/4p. PowerGen added 914 to 392%p. The exploration and produc-tion sub-sector made further strong progress led up by Enterprise Oil which climbed 12 more to 448p, on above-average turnover of 3m shares. with the Kleinwort and Lebman buy recommendations issued earlier this week followed by a switch from Lasmo recommendation from another

of the leading UK brokers. Nevertheless, Lasmo continued to push ahead, the shares touching 146p before settling a

further 3 higher at 145p. Turnover came out at 5.6m, main-taining the heavy activity seen in the stock over the past few

Hardy Oll added 61/2 to a 1993 high of 164p following recent broker buy recommendations. Calor, another broker favourite this week, put on 5 more to A broker's visit to Asda

boosted turnover to 20m and the shares firmed 1% to 66%p. Turnover in Tate & Lyle jumped to 10m after two agency crosses. The shares eased a penny to 393p. Dalgety jumped 20 to 518p, on talk of a strong recommendation from Strauss Turnbull.

The strong trend in both the UK and French stock markets gave a push to the recovery of Euro Disney and the shares gained another 20 to 665p. Channel tunnel operator Euro-tunnel was also helped by the same sentiment, the shares finishing 13 up at 466p.

A buy recommendation from its broker Credit Lyonnais Laing ahead of results next Tuesday, saw Bellwinch close 6 ahead at 40p

Shares in high street retailer

W.H.Smith surged forward after the company reported final year figures at the top end of expectations and also raised the dividend payment. The "A" shares jumped 16 to 471p, as 4.1m shares were traded. Mr Tony Shiret at BZW was among brokers who upgraded current year esti-

mates, raising his forecast by £5 to £122m. WH Smith's good showing helped sentiment in Boots, and the shares put on 6 to 486p. Profit-taking was blamed for the decline in Kingfisher

where the shares gave up 9 to Reports of "sell" advice from UBS left shares in Ladbroke trailing 3 to 203p. Rentokil Group were in demand ahead

of today's interim figures. The shares firmed 4 to 210p. A positive recommendation from Kleinwort was said to have continued boosting Incbcape, the shares moving 13 ahead to 567p.

The "light" end of the build-

ing materials sector provided a firm feature in Wolseley which jumped 10 more to 654p. still boosted by a series of recent huy recommendations from building analysts, notably from Carr Kitcat.

FINANCIAL TIMES EQUITY INDICES

Ordinary :		2394			3.4 23	84.1	7394.5	1678.2	2406.1	2124,7
Ord. div.		3.86				.87	3.85	5.33	4.52	3.54
	16 % MI					57	4.55	7.74	6 35	4.53
P/E ratio		52.0	4 27.5	1 23.	83 Z	7.96	25.08	16.33	25.15	19.40
P/E ratio	nđ	25.9	0 25.0	35 25.	70 2	5.82	25.93	15.20	26.01	18.14
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Gold Alfre Besis Ord Ordhary S	irany sha	1777E	Gold N	tines 12/9	755.					
Open	9.00	10.00	11-00	12.00	13.00	14.90	15.00	16.00	High	Low
2381.3	2387.4	2382.4	2354.6	2388.2	2390.0	2394	23947	2393.1	Z396.1	2381,6
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SEAQ BUT	pains .	3	1,865	28,734	33,	507	33,643	41.3	96	17,228
Equity To	TOYOU COM	at t		1251.9	111	52.8	1582.0	174	8.2	678.2
Squity Ber			-	33,524	38,	<i>5</i> 90	39,139	46.4	30	20,490
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S.cludia	g Intra-m	artest bo	nineel in	nd coversor	M turnov	07 .				

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London report and latest Share Index Tel. 0891 123001. Calls changed at 360/minute chase rate. 480 at all other time

EQUITY FUTURES AND OPTIONS TRADING

BUSINESS in the UK derivatives area increased smartly yesterday as markets respon-ded to predictions from German economists of a cut in the Bundesbank's discount rate

today, writes Terry Byland. tract on the FT-SE 100 re-established a good premium of around 10 points against cash, trading at 3,097 at best. At the

And the second s

close the contract stood at 3,080, a premium of 9 against cash and about 3 above estimated fair value - the quotation on the contract which allows for carrying costs and dividend payments on the underlying stocks. However, interest cooled off after the Bundesbank said it planned no press conference for today.

More significantly, volume

increased to 10,488 lots in the September contract, compared with under 6,000 on Tuesday and below 7,000 on Monday. The picture was the same in traded options, where volume jumped to 37,622 contracts from Tuesday's 22,382. Both the FT-SE 100 option (8,442)

and the Euro FT-SE option

(2,919) saw increased interest.

options, oils were active, with Lasmo (2,390) still very husy as the underlying stock continued to trade heavily on hints of a shake-np in the industry. But the most active spot was taken by Amstrad. the consumer electronics company, with 2,510 contracts dealt. Glaxo, the subject of US interest again, had 1,842 Among tndtvidnal stock

Mr Lawrence Ambolt at Carr said "in a highly rated sector, Wolseley represents good value particularly when compared with other distributors, none of which have Wolseley's track record, nor, we would argue its prospects or management

Pilkington came in for sustained buying interest, the ordinary shares moving up 4 to 159p and the warrants 21/4 to 561/2D.

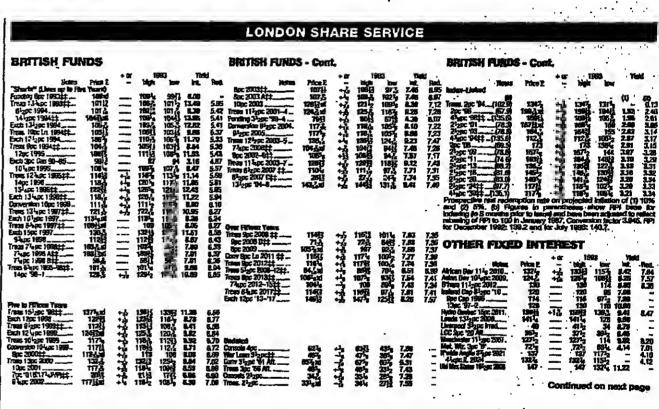
Among housebuilders, Barratt jumped 5 to 161p. Wilson Bowden 11 to 439p, Wilson Connolly 8 to 192p, and Alfred McAlpine, scheduled to report interims today, 8 better at

MARKET REPORTERS: Steve Thompson. Joel Kibazo.

FT-A ALL-SHARE FT-SE 100 FT-SE MID. 250 1527-58 +13.14 3079.2 +29.9 3495,6 +21,4 200 86.57 1113.79 3042.0 3487.4 3479.5 1524.9 1759.97 3057.6 3482.4 3483.6 1532.4 5.60 5.53 5.91 5.58 3.90 4.31 2255.0 2194.6 3.73 FT-6E 100 FT-9E 104 259 3049.3 3474.2 +1.0 +0.6 +0.8 +0.9 +0.4 +0.4 +0.9 63.78 1252.84 65.63 1252.52 3.45 3.56 3.67 3.17 3.35 3.64 22.37 21.10 22.19 35.56 33.18 22.72 FT-52 Mid 250 ex ler FT-65-A 350 2207.5 37-15 1142-58 29-00 1323-57 30-14 :375-00 1379.57 :375.00 1152.03 FT-SE SmellCap FT-SE SmellCap ux 1771,60 1763.76 1760.71 1757.66 1514.44 1753.16 1510.96 1765.31 1761.84 21.87 1284 21.58 1367.56 21.58 1440.08 34.34 42.93 CAPITAL 6000921 1165.23 Building Materials() Contracting, Const 1183.21 +1.3 1168.33 1163.04 1041.85 3033.24 2931.10 453.84 836.50 1031.94 3004.04 547.70 1244 85 1293 85 3079,71 +0.8 +0.8 1876.61 1567.26 292.82 21.51 632.78 464.61 460.89 B28.85 630.89 462.72 458.75 457.21 458.57 469.34 462.63 2251.41 2240.16 2248.68 1467.62 259.51 286.75 2,36 4,74 4,00 Metals & Metal Forming! 33.97 10.47 1264.16 51.39 1165.80 30.47 1011 54 1728.24 2037.04 1879.54 3.31 +0.7 1729.92 1737.58 1446.37 3.58 3.66 3.08 3.49 4,12 2020.36 1382.07 22 Brewers and (Stitlers 25 Food Manufacturing(2) 28 Food Retailing(17) 27 Health & Hossefold(3) 29 Hotels and Leistro(18) 2021,11 +1.2 28.07 1071.68 7.03 8.45 1368.84 3056.62 3528.41 1432.00 2125.96 1377.39 3091.21 3126.34 3503.29 3514.56 2596.39 3648.63 958.60 3490,74 1423,61 1155.73 1424.58 1438.80 25.45 23.46 22.14 30 Medic(3) 21 Packaging and Paper(34) 34 Stores(39) 35 Tedles(20) 1380.63 2.48 3.20 2.86 3.67 4.76 5.25 S.55 1.78 2121.59 2116.01 2111.27 839.25 895.14 1258.73 1268.51 916.64 628.31 827.08 554.93 15.55 1135.83 833.30 +0.6 827.96 38.87 1152.63 21.86 1139.21 6.91 6.87 0.29 6.85 17.50 16.62 1597.81 1608.18 1174.58 1682.22 1663.46 1193.49 1567.14 1571.00 1249.73 4.00 2.59 4.19 4.85 1588.82 1687.74 40 CTUER CROUPS(141) 1612.86 +0.0 Business Sens Chemicals(23) 43.83 1135.50 35.26 1161.06 56.31 1180.79 1536.32 1548.20 1096.97 3160.53 3172.82 2133.28 1545.18 25.79 10.65 3196.66 3172.25 81.43 1271.45 34.68 1144.75 1894.21 1875.82 1898.84 1904.79 1875.20 1897.92 1358.86 1358.83 11.67 5.54 11.38 4.10 3.59 4.86 9.30 15.21 106.71 1161.01 76.80 1044.98 3630.56 2487.17 Marie (13) 3657.92 3654.45 2963,70 20.19 21.29 31.30 1105.92 6.06 5.89 40 MEDUSTRIAL ERGUPTOS 1538.78 1637.97 1545.18 1169.75 3.61 4.89 51 OR & Reg(18) +2.0 2583.43 2685.01 1785.40 6.94 20.31 +0.9 1635.33 1631.90 1638.84 1228.65 3.66 59 "SOO" SHARE MODERAGE 1850.02 27.35 1340.16 45.78 RE PHANCEN CROUPERS 3.26 1138.39 +0.8 1129.61 1125.61 - 1132.98 637.62 3.75 34.22 26.88 39.85 1329.80 1536.94 1519.99 1507.90 1519.70 864.91 3.48 4.35 4.03 65 Insurance (Life)(5) 2052.50 2040.10 1321.06 717.69 952.90 731,39 947,14 722.87 428.07 954.61 539.53 412 67 Insurance Brokers(10) 945,77 2.85 3.97 3.33 2.44 398.71 497.74 5.72 3.93 4.33 1.94 21.69 33.53 +0.2 794.91 796.20 801.01 13.82 1820.22 1613.82 1009.28 1015.94 1024.40 454.65 1677.77 458.15 1685.70 216.32 1028.04 27 96 51.67 455.33 454.82 1534.92 24.21 1674.92 71 Investment Trusts(110) 1696.77 +0.3 31.43 1152.09 1616.96 3.64 5.48 22.72 1527.58 1514.44 1518.01 1087.44 99 FT-A ALL-SHARESOO +0.9 Hourty movements 11.00 18.10 3081.0 3495.7 1542.8 3071.0 3488.6 1538.2 3077.6 3490.9 1540.8 3079.6 3492.1 1541.8 3039.7 3492.8 1542.0 3079.2 3494,4 1542,6 FC-5E 100 3058.6 3058.3 3060.3 3067.2 3058.5 3483.8 1535.9 3479.5 1532.5 FT-SE-A SED Time of FT-SE 100 blgfc 2:41pm love FT-SE Actuaries 350 Industry Baskets Previous class 12.08 2017,4 1085.0 2015.9 · 1065.1 2020.2 1083.5 2021,5 1083.1 2023.6 1082.6 2012.0 2010.1

FT-SE Actuaries Share Indices

2013.0 1050.8 1506.3 2017.4 1060.4 1506.1



CROSSWORD

No.8,238 Set by ADAMANT

ACROSS
1 Royal Exchange's hint of 1 Record a certain range of recovery (5)

4 Second publisher is fast

2 Used to make a yarn about mover (8) 10 Give authorisation to hold raids of the men of tha Armada (9)

tha gold back or the person who underwrites it (9) who underwrives it (a)

11 Search for two plnt container of dublous use (5)

12 Leaders of society and industry like to go with the prevailing wind (4)

13 Bonus shares (5.5)

28 Disparaging the type of cod found round German city 29 The normal procedure is to

put up with a retired doctor 30 Shell's growth has price earnings ratio over tuna (6)

Poisonous tree from state in America (4) 5 Leaving the headline (7) 6 One of 2 as question master (10)
7 Very French square lock (5)
8 Putrid rubbish can make

13 Bozus shares distributed from ICI's purses (5.5)

15 Royal Navy reads about the commissions (7)

16 It used to have value in an African republic (6)

19 Declare raturn on tax exampt scheme is about right (6)

21 That fool, Edward made the blood curdle (6)

22 Capital paper, the Indapendent, formerly provided financial listing (5.5)

25 Responsibility is nothing to studeots (4)

profit up (6)

9 Pillory the merchandise (6)

14 Showing curiosity, but resented it awfully (10)

17 Annex former partner's feeling of strain (9)

18 It's strange to look at what's not even a proper view (3.5)

26 The small bell the botcher left inside (7)

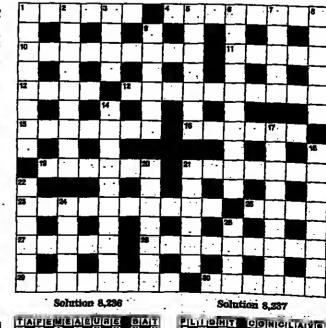
27 Another scare over English batting line-up (6)

28 Makes unexpected discovery that is within sixth sense's parameters (6) profit up (6) 9 Pillory the merchandise (6)

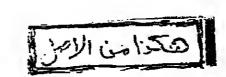
studeots (4)
27 It takes river, such as the
Tyne, to be chemically inactive (5)
28 It takes river, such as the
Tyne, to be chemically inactive (5)
29 It takes river, such as the
Tyne, to be chemically inactive (5)

JOTTER PAD

As the result of a produc-tion error the Crossword was omitted from some copies of yesterday's paper. We apologise for the error. The solution to Puzzle 8,236 in minuted here. is printed here.







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Waiting for the Bundesbank

THE dollar and D-Mark traded in tight ranges against most currencies yesterday, with dealers waiting to see what the Bundesbank would no with official interest rates tomorrow before deciding their next

move, writes James Blitz. Tomorrow's Bundesbank meeting is the first since the crisis in the exchange rate mechanism ied to widening of its fluctuation oauds. A 25 basis point cut in the discount rate has been priced in by the market, which believes that the differential between money market rates and the German interest rate figor is too close.

If the Bundesbank does not ease tomorrow, a short-term appreciation across the board for the D-Mark could be expected. Yesterday, dealers were hedging their bers, with the dollar closing at PMI.6815 from a previous DMI 6885. The French franc closed at FFr3.481 to the D-Mark from a previous FFr3.485.

Sterling, however, suffered a sharper fall, dropping 2 pfennigs on the day to close at DMC5175. Dealers were unived by a variety of factors: the pound broke inrough the \$1.50 level against the dollar, triggering stop-losses across the board for risk averse traders.

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The currency closed at \$1.4965 against the dollar from a previ-

ous \$1.5025. For the major currencies, medium term factors need to be looked at when explaining performance. Some analysts believe that fund managers' operations - as well as short-term interest rate differentials - may explain why the dollar is showing weakness against the D-Mark at this

At a presentation in London yesterday, Mr Michael R. Rosenberg, director of fixed income research at Merrill Lyncb investment bank, unveiled his latest survey of portfolio managers' global investments.

This showed that they remain heavily overweight in dollars and underweight in the D-Mark. That may be why the dollar is baving difficulty hreaking through current levels against the D-Mark," he

However, he believes that overvalued against the dollar and most European currencles and is set for a long-term decline. He forecasts a rise for the dollar above the DM2.00 level over the next 18-24

Mr Rosenberg believes that investors are so substantially underweight in the yen that a hreak through the Y100 level is guaranteed. "As yet, there has been no carry through by investors behind the exchange rate move," he said. He sticks to the view that the yen will hit "95 in '95." The yen closed yesterday at Y103.70 little changed on the day.

Mr Jeremy Hawkins, economic adviser at Bank of America in London, also believes a break through the Y100 level is likely, but says that investors have been frightened by the success of recent US intervention in support of the dollar.

EMS	EMS EUROPEAN CURRENCY UNIT RATES								
	Ecu Central Rates	Currency Amounts Against Ecu Ang 24	Change from Central Rate	% Spread vs Weakest Corrency	Divergence indicator;				
Dutch Guilder D-Mark Internation Selsjan Franc Spanish Preseta Protoguese Escudo Frenc Franc Danish Kroba	2.19672 1.94964 0.809528 40.2123 154.250 192.854 6.53883 1.43679	2 16386 1 82425 0 61 2764 40 5046 155 582 195 966 6 701 19 7.89981	-1 30 -1.30 0.51 0.73 0.85 1.61 2.46 6.23	7.84 7.83 5.89 5.46 5.31 4.54 1.85 0.00	799757				

POL	JND SPOT	ST 1	HE POUN	D		
Aug 24	Day's spread	Close	Qne month	28.	Three payable	% 9.8.
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4. پريد 14	Day's	pacty	One march	% p.a.	Tipren promits	62 62
AT .	14720 - 1,5035	1 4960 - 1,4970	0.37-0.35cpm	2.89	1 00-0 97pm	2.6
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oruca	1 3170 - 1.3210	1.3135 - 1.3135	0.16-0.19008	-1.59	0.49-().56dbt	-1,5
, פותור איני	18651 - 16960	1.9905 - 1.9915	0.58-0.68cds	-3.74	1,51-1 56@s	-3.2
ketcem	35.30 - 25.60	35 35 - 25 45	19-24006	-7.29	48-55 6 6	-5.8
enmark .	6 6900 - 6 9275	6 8900 · 8 8953	1.25 5. Spreds	-8.71	11.50-13.00dks	-7.1
GLOT DATY	16770 - 1,6885	1,6810 - 1,6820	0.54-0 55plats	-3.69	1 44-1,46dis	-34
OCTAIN	170.30 - 172.00	170 5 170 25	116-123cdis	-8.40	325-34666	-7.8
D393	134.30 - 151.05	124,93 - 134 95	91-9-cdia	-823	252-258ds	-7.5
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	11.3125 - 11.8800	11 8250 - 11 8300	3.55-3.95 modes	-180	9.50-10.60da	-14
orterand.	1 4720 - 1 4870	1 4780 - 1,4790	0.20-0.23cms	-175	0 54-0 6000	-1.5
cut	1 1315 - 1 1400	1,1370 - 1 1380	0.50-D 49cpm	5.22	1.23-1.21pm	42

Aug 34	Siort	7 Days	One Month	Three Months	St. Months	One Year
irday	51 ₃ · 51 ₂ 3 · 3 · 3 41 ₈ · 41 ₈	5'1 · 5'2 31 · 3	59 - 512 34 - 344 45 - 44	57a - 512 37a - 51 47a - 47a	511 - 55g 3/4 - 3/4 5 - 4/4	5% · 5 3% · 3 54 · 4
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ciglan Franc	114 · 11 34 · 3	11 \(\cdot \) 10 \(\cdot \) 21 \(\cdot \)	10 - 94 3 - 212 114 - 104 31 21-	94 9 102 94	0 74 74 21 91 ₂ 84	7 · 8 2% · 2; 8½ - 7
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			EX	CHA	NGE	CRO	055	RAT	E\$			
Aug 24	2	5	DM	Yes	F Fr.	8 Fr.	R FL	Lira	cs	6 Fr.	Pta	Eas
<u>E</u>	1	1 456	2517	155.2	8.762	2212	2,830	2386	1.973	53.00	202.4	1,31
5	0.668	1	1.682	103.7	5 857	1 479	1,892	1595	1.319	35.43	135.3	0 87
G44	0.337	0.594	1	61.86	3.481	0.679	1,124	946.0	0.784	21.08	80.41	0.52
YEN	6.443	9.633	16.22	1000.	. 55.48	14 25	18.23	15374	12.71	341.5	1384	8.47
F Fr.	1 [4]	1.707	2573	177.1	18	2.525	3.230	2773	2.252	60.49	231.0	1.50
S Fr.	0 452	0.676	1.138	70.16	3.961	1	1,279	1079	0.892	23.96	91.50	0.59
N FL	0.353	0 529	0.689	54.84	3.096	0.762	1	843.1	0 697	18.73	77.52	0.46
Lira	0.419	0 627	1 055	65.05	3 672	0.927	1.186	1000.	0.827	22.21	84.83	0.55
Ce	0.50	0.758	1.276	78.66	4 441	1.121	1.434	1309	1	26.66	102.6	0.66
8 Fr.	1.887	2.833	4.749	292.8	16.53	4.174	5.340	4502	3 723	100.	381.9	2.48
	0 494	0.739	1.244	76.68	4.329	1.093	1.396	1179	0.975	25.19	100.	0.65
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	Strice Calls-settlements Puls-settlements Price Dec Mar Dec Mar	Strike Calis-estilements Puts-settlements Strike Calis-estilement Price Sep Dec Sep Dec Price Dec Mar 9476 0.86 1.02 0 0.02 9800 1.58 1.87
t	110 3-06 3-27 1-05 1-43 111 2-30 2-56 1-30 2-28	9500 0.42 0.78 0.01 0.03 9590 1.23 1.59
y	112 1-98 2-25 1-59 2-81 113 1-29 1-82 2-29 3-34 114 1-05 1-39 3-05 4-11	9525 0.10 0.85 0.02 0.05 9700 0.93 1.26 9530 0.04 0.34 0.13 0.09 6750 0.98 1.01 9575 0.09 0.19 0.36 0.16 9800 0.47 0.79
r s	116 0-50 1-18 3-50 4-54	9575 0.09 0.19 0.35 0.16 9900 0.47 0.78 9600 0.01 0.10 0.60 0.35 9950 0.33 0.39 9625 0 0.04 0.84 0.54 9500 0.22 0.49
1	117 0-25 0-51 5-25 5-23	9650 D 0.02 1.08 0.77 9950 0.14 0.34
r	Estimated volume total, Catta 22/2 Puts 1702 Provious day's open 4st. Catta 15256 Puts 10894	Estimated volume total, Cate O Puts 200 Estimated volume total, Cate Previous day's open Int. Cate 3086 Puts 1035 Previous day's open Int. Cate
4	LESS COMMUNICATIONS	LIFTE ITALIAN BOYT, BOND (8TP) FUTURES LIFTE SHORT STEMLING OF
-	LIFTE EUROMANK OPTIONS DMTm points of 100%	LIFTE TABLAM GOVT. BOND (BTP) FUTURES LIFTE SHORT STEMLING OF OPTIONS Like 286th 100ths of 100% 2000,000 points of 100%
t	Strom Calie-settlements Puts-settlements Price Sep Dec Sep Doc	Strike Calis-settlements Puts-settlements Strike Calis-settlement Price Dec Mar Dec Mar Price Sep Dec 11/0 2.79 3.47 1.75 2.79 9350 0.66 1.06
7	9300 0.55 1.05 0.01 0.02 9325 0.31 0.81 0.02 0.03	1110 2.78 3.47 1.75 2.78 9350 0.66 1.86 1115 2.51 3.22 1.97 3.03 9375 0.41 0.58
5	9375 0.02 0.38 0.23 0.10	1125 2.00 2.75 2.48 3.56 8425 0.05 0.43
3	9400 0.01 0.23 0.47 0.20 9425 0 0.14 0.71 0.35	1135 1.58 2.33 3.04 4.14 9475 0.01 0.14
9	9450 0 0.08 0.36 0.55 9475 0 0.05 1.21 0.77	1140 1.36 2.14 3.35 4.45 9500 0 0.08 1145 1.23 1.89 3.89 4,77 9525 0 0.04
9	Estimated volume total, Calls 2008 Pats 2211 Provious day's open int. Calls 155082 Puts 117345	Esilvazinai voluzno totni, Calis 831 Puta 256 — Esilvazinai voluzno totni, Calis 831 Puta 256 — Esilvazinai voluzno tetni, Calis 7100 Puta 7480 — Province degis open int. Calis 7100 Puta 7480 — Province degis open int. Cali
i	LONDON (LIFFE)	CHEGAGO
ı	9% NOTIONAL BRITISH CAT	U.S. TREASURY BONDS (CBT) 8% JAPANESE YEN (MOR)
•	950,000 32nds of 100%	\$100,000 32nds of 100% Y12.5m \$ per Y100
:	Close High Low Prev. Sep 112-15 112-31 112-12 112-30 Dec 112-00 112-14 111-29 112-15	Latiest High Low Prev. Labest H Sep 117-07 117-14 117-09 Sep 0.9850 0.97 Doc 115-28 118-03 115-25 115-31 Dec 0.8634 0.97
	Estimated volume 48042 (19553) Previous day's open int. 92480 (102912)	Mar 114-24 114-27 114-23 114-28 Mar 0.9722
í	6% NOTIONAL GERMAN COVT. SONO	Jun 113-26 113-25 113-25 113-26 Jun 0.9745 Sep 112-27 112-27 112-27 112-21 Doc 112-17 112-17 112-17 112-21
5	001290,000 100ths of 100%	Mar 111-31 111-31 DEUTSCHE MARK (RDM)
	Close High Low Prev. Sep 97.16 97.27 97.11 97.18	Jun 111-10 111-10 DM125,000 \$ per DM Sep 110-24 110-24 Latest R Doc 110-06 110-06 em george of
	Duc 67.28 97.37 97.23 97.30 Estimated volume 47089 (38489)	Dec 0.5888 0.50
	Previous day's open int. 183982 (190479)	U.S. TRUMSURY BILLS (IMM) Mar 0.5865 0.50 \$1m points of 100% Jun 0.5808
	6% NOTIONAL MEMBER TERM GERMAN GOVT. BOND (809L) DNI250,000 100%s of 100%	Lutest High Low Prev.
•	Close High Low Prev. Sep 100:36 100:49 100:38 100:41	Sep 96.98 96.99 96.98 96.90 DOC 96.91 96.81 96.80 96.82 THREE MICHTH EURODOC Mar 98.70 98.70 96.71 96.71 \$1 m points of 100%
٠.	Duc 100.53 100.80 100.57 100.55	Jun 96.51 96.51 Labort H
	Estimated volume 2103 11492) Previous day's open Int. 16294 (16498)	Sep 98.73 96 BRITISH POUND (INNO) Dec 96.39 96
.	8% NOTIONAL LONG TERM INPANESE GOVT. BOND YIOQUI 100ths of 100%	\$a per E Jun 96.11 96
	Close High Low	Letter High Low Prev. Sep 95.82 95 Sep 1.4820 1.5030 1.4910 1.5016 Dec 95.38 95 Doc 1.4830 1.4830 1.4830 1.4830 Mer 95.29 95
	Sep 110.71 110.73 110.59 Doc 109.99 110.05 108.86	Occ 1.4830 1.4890 1.4830 1.4822 Mar 95.29 95 Mar 1.4854 - 1.4854 Jun 85.08 95
	Estimated volunte 1534 (2439) Traded exclusively on APT	STAROARD & POORS 50
-	124 JUDIONAL ITALIAS GOVT. BOND (STP)	SFr 125,000 S per SFr Latest H
٠	Close High Low Prev.	Letast High Low Prev. Sep 456.65 455 Sep 0.8772 0.8773 0.8723 0.8738 Dec 456.35 458
1	Sep 112.34 112.42 111.51 111.41 Dec 112.04 112.09 111.28 111.13	Sep 0.5772 0.6775 0.6723 0.6738 Dec 458.35 458 Dec 0.6750 0.6760 0.6722 0.6716 Mar 457.15 Mar 0.6712 0.6735 0.6712 0.6708 Junt 458.10
'	Estimated volume 38483 (21298) Previous day's open int. 63290 (61859)	Mar Gorie Gords Corte Gords
٠,		
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۱	10% NOYUMAL SPANISH GOVT, BOND (NONOS) Pts 20m 100ths of 100%	PHEADELPHIA SE E/S OPTIONS
•	10% NOTIONAL SPANISH GOVT, BOND (BONGS) Pta 20m 100ths of 100% Close High Low Prev. Son 104.00 103.00	231,280 (cents per 21)
	10% NOYUMAL SPANISH GOVT, BOND (NONOS) Pts 20m 100ths of 100%	\$31,260 (cents per £1)
	10% ROYLOMAL SPANISH GOVT, BOND (BUNDS) Piz Zim 100ths of 100% Close High Low Prov. Sop 104.00 High Low 103.00 N A Estimated volume 0 (0)	\$31,280 (conta per £1) Stribe: Price Sep Oct Roy Dec Sep Oct 1.425 6.73 5.97 7.26 7.53 0.08 0.68 1.450 4.48 6.10 5.51 5.69 0.32 1.24
	10% NOTIONAL SPANISH 90VT. BOND (BONDS) Ptz 20m 100ths of 100% Close High Low Prev. Sop 104.00 100.00	Strike Calls Nov Dec Sep Oct 1,425 6,73 6.97 7.26 7.53 0.08 0.68 1,450 4.48 6.10 5.51 5.69 0.32 1.24 1.475 2.56 3.48 4.02 4.45 0.89 2.12 1.500 1.23 2.26 2.83 3.26 2.01 3.34
	10% MOTIONAL SPANISH GOVT, BOND (BONDS) PER 20m 100ths of 100% Close High Low Prov. Sop 104.00 N 103.00 N A Estimated volume 0 (0) Provious day's open Int. 11 (111 THREE BIOWTH GTHERING THERING THER	Strike Price Sep Oct Nov Dec Sep Oct 1.425 6.73 6.97 7.26 7.53 0.06 0.68 1.450 4.48 6.10 5.51 5.69 0.32 1.24 1.450 1.23 2.26 2.83 3.28 2.01 3.34 1.555 0.48 1.38 1.94 2.41 3.71 4.95 1.555 0.12 0.78 1.38 1.94 2.41 3.71 4.95
	10% MOTIONAL SPANISH GOVT, BOND (BONDS) Piz 20m 100ths of 100% Close High Low Prov. Sop 104.00 N A Estimated volume 0 (0) Provious day's open Int. 11 (111 THREE BIOWTH GTERLING ESOU,000 points of 100% Sop 84.16 94.19 94.18 94.17	\$\frac{\text{Sintes}}{\text{Sintes}}\$ (costs per \$\text{Sintes})\$ (costs price price price per \$\text{Sep}\$ (costs price price per \$\text{Sintes}\$) (costs price p
	10% MOTIONAL SPANISH GOVT. BOND (BONDS) Piz 20m 100ths of 100% Close High Low Prev. 102.00 N A Entimated volume 0 (0) Previous day's open int. 11 (11) THREE MONTH STRENG * 2500,000 points of 100% Close High Low Prev. Sop 84.16 94.19 94.16 94.17 Dec 94.57 94.62 94.55 84.59 Mar 94.70 94.65 84.74	\$\text{Striple}\$ Striple Frice Sep Oct Nov Dec Sep Oct 1.425 0.73 0.97 7.26 7.33 0.08 0.68 0.68 1.475 1.450 1.48 0.10 1.551 1.500 1.23 1.26 1.525 0.48 1.39 1.525 0.48 1.39 1.525 0.48 1.39 1.84 2.41 1.510 1.525 0.48 1.39 1.84 2.41 1.510 1.525 0.48 1.39 1.84 2.41 1.571 1.850 0.12 0.79 1.27 1.89 1.575 0.94 0.42 0.82 1.15 0.84 0.82 1.15 0.84 0.82 1.15 0.84 0.82 0.84 0.85 0.84 0.85 0.84 0.85 0.85 0.84 0.85
	10% NOTIONAL SPANISH GOVT. BOND (BONDS) Piz Zim 100ths of 100% Code High Low Prev. 100.00 Sop	\$trites Calls Calls Put
	10% MOTIONAL SPANISH GOVT. BOND (BONDS) Piz Zim 100ths of 100% Close High Low Prov. 103.00 N A Estimated volume 0 (0) Provious day's open int. 11 (11) THREE MONTH STREETS Close High Low Prov. Sop 84.16 94.19 94.16 94.17 Duc 94.57 94.62 94.56 94.71 Jun 94.02 94.66 94.60 94.64 Sop 94.42 94.46 84.41 94.43 Est, Vol. (Inc. figs. not shown) 24624 (31731) Est, Vol. (Inc. figs. not shown) 24624 (31731)	\$\text{Striple}\$ Striple Frice Sep Oct Nov Dec Sep Oct 1.425 0.73 0.97 7.26 7.33 0.08 0.68 0.68 1.475 1.450 1.48 0.10 1.551 1.500 1.23 1.26 1.525 0.48 1.39 1.525 0.48 1.39 1.525 0.48 1.39 1.84 2.41 1.510 1.525 0.48 1.39 1.84 2.41 1.510 1.525 0.48 1.39 1.84 2.41 1.571 1.850 0.12 0.79 1.27 1.89 1.575 0.94 0.42 0.82 1.15 0.84 0.82 1.15 0.84 0.82 1.15 0.84 0.82 0.84 0.85 0.84 0.85 0.84 0.85 0.85 0.84 0.85
	10% NOTIONAL SPANISH 90VT. BOND (BONDS) Piz zim 100ths of 100%. Close High Low Prev. 1003.00 N Sop 104.00 High Low Prev. 1003.00 N Estimated volume 0 (0) Previous day's open int. 11 (11) THREE MONTH STERLING esout,000 points of 100% Sop Close High Low Prev. Sop 94.18 94.17 Doc 94.57 94.62 94.58 94.77 Jun 94.02 94.66 94.60 94.64 Sop 94.02 94.68 94.47 Jun 94.02 94.68 94.47 Jun 94.02 94.68 94.61 94.63 Est, Vol. (Inc. figs. not shown) 24624 (31731) Previous day's open int. 368076 (367925)	\$\text{ST1,280 (conta per \$\text{ST}\$)} \text{Stribes} \text{Support Conta} \text{Pov} \text{Dec } \text{Sup } \text{Oct } \text{Put} \text{Pov} \text{Dec } \text{Sup } \text{Oct } \text{Oct } \text{Put} \text{Put} \text{Dec } \text{Sup } \text{Oct } \text{Oct } \text{Oct } \text{Oct } \text{Oct } \text{Sup } \text{Oct } O
	10% NOTIONAL SPARISH GOVT. BOND (BORDS) Piz Zim 100ths of 100% Close High Low Prev. 103.00 N A Entinated volume 0 (0) Previous day's open int. 11 (11) THREE ROBINS of 100% Close High Low Prev. Sop 94.16 94.17 Duc 94.67 94.82 94.56 94.71 Duc 94.67 94.82 94.56 94.71 Jun 94.02 94.68 94.69 Mar 94.02 94.68 94.69 Jun 94.02 94.68 94.61 Jun 94.02 94.68 94.68 Jun 94.02 94.68 94.68 Jun 94.02 94.68 Jun 94.02 94.68 94.68 Jun 94.02 94.68 J	\$\frac{\text{ST1,280 (conta per \$\text{ST})}{\text{Stribes}}\$ \text{Stribes} \text{Stribes} Oct Riov Dec Sep Oct Riov Oct Riov Oct
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	10% NOTIONAL SPARSSI GOVT. BOND (BORDS) Piz Zim 100ths of 100% 1000 100	Stripes (conta per 81) Stripes (Price Sep Oct Roy Dec Sep Oct 1.425 6.73 5.97 7.26 7.33 0.08 0.68 1.425 6.73 5.97 7.26 7.33 0.08 0.68 1.450 4.48 6.10 5.51 5.69 0.32 1.24 1.475 2.56 3.48 4.02 4.45 0.89 2.12 1.500 1.23 2.26 2.83 3.26 2.01 3.34 1.550 0.12 0.78 1.39 1.84 2.41 3.71 4.95 1.555 0.46 1.39 1.84 2.41 3.71 4.95 1.555 0.12 0.79 1.27 1.89 2.85 8.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 Provious day's volume: Cals 705.497 Puts 635.226 (AB currencies) Provious day's volume: Cals 11,747 Puts 53,885 (All currencies) PARIS 7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES September 0pen Seit price Change High Low December 122.24 122.29 40.12 122.48 122.20 March 124.90 124.94 40.14 122.04 121.90 March 124.90 124.94 40.14 122.04 121.90 March 124.90 124.94 40.14 122.04 124.90 Estimated volume 102.988 † Total Open Interestant contents of terred rate) September 93.20 93.13 -0.05 93.22 93.12
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	10% NOTIONAL SPARISH GOVT. BOND (BORDS) Pite Zilm 100ths of 100% Close High Low Prev. 102.00 N A	\$\frac{\text{ST1,280 (conta per \$\text{ST})}{\text{Stripes}}\$ \text{Stripes}{\text{Price}} \text{Sep} Oct Rov Dec Sep Oct 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.68 1.450 4.48 6.10 5.51 5.99 0.32 1.24 1.475 2.56 3.48 4.02 4.45 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.46 1.39 1.94 2.41 3.71 4.95 1.550 0.12 0.79 1.27 1.69 0.86 6.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 0.87 0.94 0.44 0.82 1.15 8.14 8.87 0.94 0.44 0.82 1.15 8.14 8.87 0.94 0.
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	10% NOTIONAL SPANISH GOVT. BOND (BORNOS) Pizz Zim 100ths of 100% 1	\$\frac{\text{ST1,280 (conta per \$\text{ST})}{\text{Stripes}}\$ \text{Stripes}{\text{Price}} \text{Sep} Oct Rov Dec Sep Oct 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.68 1.450 4.48 6.10 5.51 5.99 0.32 1.24 1.475 2.56 3.48 4.02 4.45 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.46 1.39 1.94 2.41 3.71 4.95 1.550 0.12 0.79 1.27 1.69 0.86 6.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 0.87 0.94 0.44 0.82 1.15 8.14 8.87 0.94 0.44 0.82 1.15 8.14 8.87 0.94 0.
	10% NOTIONAL SPANISH GOVT. BOND (BONDS) Piz zim 100ths of 100% 1000 100	\$\frac{\text{ST1,280 (conta per \$\text{ST})}{\text{Stribes}}\$\$ \text{Stribes}{\text{Price}}\$\$ \text{Sep}{\text{ Oct.}}\$\$ \text{Oct.} Rov \text{Dec} \text{Dec} \text{Sep}{\text{ Oct.}}\$\$ \text{Oct.} Rov \text{Dec} \text{Dec} \text{Sep}{\text{ Oct.}}\$\$ \text{Oct.} Rov \text{Dec} \text{Dec} \text{Sep}{\text{ Oct.}}\$\$ \text{Oct.} Rov O
	10% NOTIONAL SPANISH GOVT. BOND (BORNOS) Pitz Zim 100ths of 100% 100.00 Sop	Stripes Sep Oct Roy Dec Sep Oct Art Sep Oct Roy Dec Sep Oct Art Sep Oct Roy Dec Sep Oct Art Sep Oct Oct Art Sep Oct Oc
	10% NOTIONAL SPANISH GOVT. BOND (BONDS) Piz zim 100ths of 100% 1000 100	Stripes Price Sep Oct 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.61 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.68 1.450 1.475 2.56 3.48 4.02 4.48 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.12 0.79 1.27 1.89 2.86 6.84 1.555 0.12 0.79 1.27 1.89 2.86 6.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.94 0.82 1.15 8.14 8.87 1.575 0.94 0.94 0.94 0.95 0.94 0.94 0.95 0.94 0.94 0.95 0.94 0.94 0.94 0.94 0.94 0.94 0.94 0.94
	10% NOTIONAL SPARSSI GOVT. BOND (BORNOS) Pizz Zim 100ths of 100% 1000 1	Striptes Price Sep Oct 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.68 1.450 4.48 8.10 5.51 5.99 0.32 1.24 1.475 2.56 3.48 4.02 4.48 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.48 1.39 1.84 2.41 3.71 4.95 1.555 0.12 0.79 1.27 1.89 2.86 8.84 1.575 0.94 0.44 0.82 1.15 8.16 1.575 0.94 0.44 0.82 1.15 8.14 8.87 Provious day's volume: Calls 71,747 Puts 63,883 (All currencies) Paries 7 to 10 YEAR 10% MOTIONAL FRENCH BOND (MATIF) FUTURES September 122.24 122.28 121.29 0.64 122.20 0.64 1.747 Puts 63,883 (All currencies) Paries 7 to 10 YEAR 10% MOTIONAL FRENCH BOND (MATIF) FUTURES September 121.80 121.80 124.94 40.14 125.00 124.90 Estimated volume 102.968 † Total Open Interest 229,401 THELE-MORTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate) December 94.27 94.27 94.27 94.27 94.32 0.65 85.05 85.05 85.07 85.05 85.07 85.05 85.07 85.07 85.05 85.07 85.07 85.05 85.07 85.07 85.07 85.05 85.07 85.
	10% NOTIONAL SPANISH GOVT. BOND (BORNOS) Piz zim 100ths of 100% Low Prev. 100.00 Sop	Stripes Price Sep Oct 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.61 1.425 6.73 6.97 7.26 7.53 0.08 0.68 0.68 1.450 1.475 2.56 3.48 4.02 4.48 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.12 0.79 1.27 1.89 2.86 6.84 1.555 0.12 0.79 1.27 1.89 2.86 6.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.44 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.74 0.82 1.15 8.14 8.87 1.575 0.94 0.94 0.82 1.15 8.14 8.87 1.575 0.94 0.94 0.94 0.95 0.94 0.94 0.95 0.94 0.94 0.95 0.94 0.94 0.94 0.94 0.94 0.94 0.94 0.94
	No. NOTIONAL SPANISH GOVT. BOND (BORNES) Piz Zian 100ths of 100%. Code High Low Prev. 100.00 Sop 104.00 High Low Prev. 100.00 N	Stripes Sep Oct Rov Dec Sep Oct A/25 6,73 6,97 7.26 7.53 0.08 0.68 A/30 4.48 8.10 5.51 5.99 0.32 1.24 1.475 2.56 3.48 4.02 4.48 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.46 1.39 1.94 2.41 3.71 4.95 1.550 0.12 0.79 1.27 1.89 2.85 8.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 Provious day's volume; Calls 11,747 Puts 53,863 (All currencles) PARIS 7 In 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES Open Soit price Change High Low September 122,24 122,28 40.12 122,46 122,20 March 124,90 214,90 40.14 125,00 124,90 8.58 March 124,90 124,94 40.14 125,00 124,90 March 124,90 8.71 125,00 124,90
	Sop	Striptes Price Sep Oct 1.425 6.73 6.97 7.26 7.33 0.08 0.68 0.68 1.450 4.48 6.10 5.51 5.99 0.32 1.424 1.475 2.56 3.48 4.02 4.45 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.48 1.39 1.84 2.41 3.71 4.95 1.555 0.12 0.79 1.27 1.89 2.86 8.84 1.575 0.94 0.44 0.82 1.15 8.16 1.575 0.94 0.44 0.82 1.15 8.14 8.87 Provious day's volume: Calls 71,747 Puts 63,885 (All currencies) Provious day's volume: Calls 11,747 Puts 63,885 (All currencies) Parties 7 to 10 YEAR 10% MOTIONAL FRENCH BOND (MATIF) FUTURES September 121.80 121.80 124.94 40.14 125.00 124.90 September 121.80 124.94 40.14 125.00 124.90 September 124.90 124.90 September 124.90 124.90 September 124.90 124.90 September 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 124.90 125.70 126.5 126.00 124.90 125.70 121.90 125.70 126.5 126.00 127.00 126.5 117.34 117.34 Estimated volume 1,842 † Total Open Interest 86.840 DETION ON LDNG-TERM FRIENCH BOND (MATIF) Calls
	Sop	Stripes Sep Oct Rov Dec Sep Oct A/25 6,73 6,97 7.26 7.53 0.08 0.68 1.425 4.48 8.10 5.51 5.99 0.32 1.24 1.475 2.56 3.49 4.02 4.48 0.89 2.12 1.500 1.23 2.26 2.83 3.28 2.01 3.34 1.525 0.46 1.39 1.94 2.41 3.71 4.95 1.525 0.46 1.39 1.94 2.41 3.71 4.95 1.550 0.12 0.79 1.27 1.89 2.85 8.84 1.575 0.94 0.44 0.82 1.15 8.14 8.87 Provious day's open int: Calls 705,497 Purb 635,226 (All currencles) PARIS 7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES Open Solt price Change High Low September 122.24 122.28 40.12 122.46 122.20 December 121.80 121.90 40.14 122.04 121.90 March 124.90 124.94 40.14 125.00 124.90 Estimated volume 102.968 † Total Open Interest 229,401 THIRE-MORTH PRORE FUTURES (MATIF) (Parks Interbank offered mate) September 93.20 93.13 -0.05 93.22 93.12 0.59 94.27 -94.32 94.26 March 94.88 94.98 -94.94 94.88 1.019 94.88 94.98 -94.94 94.88 1.019 94.98

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EURO SWISS FRANC Estimated volume 4203 (1977) Previous day's open let. 51353 (50689) Gese High Low Prev. 91.05 91.11 91.03 91.03 91.95 92.00 51.91 91.09 92.44 92.05 92.39 92.38 92.63 92.63 92.59 92.58 Adem & Compeny 6
Alied Trust Benk 6
Alied Benk 0
Genry Ansbacher e 6 & C Merchant Bank - 13 Bank of Baroda 6 Banco Bilbao Vizcaya ... 6 Bank of Cyprus 6 Close High Low Prev. 3056.0 3069.0 3054.0 3053.0 3077.5 3081.0 3078.5 3074.5 30915 3100.0 2100.0 3088.0 Bank of Ireland

POUND	- DOLL	AR	
FT FOREIGN	EXCHANGE	RATES	

Estimated volume 7032 (8724) Previous day's open knt. 55392 (56056)

Contracts traded on APT Closing prices shown.

MONEY MARKETS Unchanged repo

THE Bundesbank yesterday announced that there would be an unchanged fixed rate repo in this week's securities repurchase tender, ke ome German interest rates on hold, 17/168

James Biltz. well anticipated by the market and there was little change in German interest time fatores. The September Euromark Contract ciosea nucironaea at \$5.54 and the December contract was up 1 basis point at 9100.

UK clearing bank basa lending rate 6 per sent from January 26. 1993

Attention is now for asco on whether the Bundespank will out its discount rate at its conucil meeting tomorrow, the first since the crisis in the exchange rate modifications. There were some reasons for

thinking that the Bundesbank would lean towards a cut in the discount role float by % of a percentage good it 5.50 percent towards.

The bundesbonds needs to

restore a 40 to 30 has s grint around 7.40 per cent. The gap that maintained saists September Pibor contract was between call money and the discount rate floor that many was yesterday at around 5.85 per cent. Travilling a classing at roughly the same lossing at roughly the same per cent. Travilling 2 closing at roughly the same differentian or only 10 basis points. city 10 basis points. city 10 basis level of 5% per cent. A shortage of £550m was forecast at the

But better inflation figures start of the day and there was could also make the case for a late assistance of £155m.

cut stronger. The cost of living in the western German state of Baden Wurttemberg rose by 0.1 per cent on the month to

mid-August and was at 4.3 per cent on the year. This was on the low side of economists' The news on the repo was expectations.

rell anticipated by the market Moreover, some analysts helieve that the Bundesbank could risk driving European currencies further away from the D-Mark if it does not cut

rates tomorrow while other European countries do. However, the Bundesbank could be concerned by the huge liquidity that has flowed into the market as a result of its intervention in support of the French franc earlier this month. The central bank could wish to signal again that policy

remains tight. France yesterday continued to suspend its window for overnight lending to the French money market. However, this was still seen as a technical move coinciding with the market's high liquidity. Three month money was virtually unchanged at

FT LONDON INTERBANK FIXING (11.00 a.m. Aug 24) 3 months US dollars 6 months US Dollars The fiding rates are the arithmetic means rounded to the nearest one-extinenth, of the bid and offered rates for STom quoted to the market by five reference barrier at 11,00 a.m. each working day. The barries are National Westoniester Barrie, Benk of Tokyo, Deutsche Barrie, Benque National de Paris and Morgan Guaranty Trust.

		MONE	Y RAT	ES		
NEW YORK			Treasury	Brils and B	onds	-
Lunchtime					е уезг	4.32
Prime rate	5 2 2	Three mon Sk month One year	m	3.08 Sev 3.21 10- 3.41 30-	en year	5.23 5.61
Aug 24	Overnight	One Month	Two Months	Three Months	Sta Months	Lombard Intervention
Frankhurt. Parts. Zurich Amsterdam. Tokyo Millan Brussols Oubtin	e 80-6.90 75g-73g 43g-5 e.56-6.82 231-3g 95g-101g 113g-113g 63g-63g	73-75 43-43 6.52-6.60	6.60-6 75	6.45-6.56 71-73-4 4/2-411 6.27-6.35 93-93- 91-93-6 612-65-8	6.25-6.40	7.75 6.75
	LOND	ON M	ONEY	RATE	S	
Aug 24	Oversigi	nd 7 days, notice	One Month	Months	Six Months	One Year

Aug 24	Oversight	notice	Month	Months	Stx Months	Qine Year			
tnierbank Offer	61 ₂	54 ₉ 5 ₁ 2	5% 5% 5¦} 5 }	578	50	5%			
friertank Bid	4	5,4	54	51 51 51	515 515	5 la 5 la 5 la			
Sterling CDs			513	514	515	કાર્ટ			
Local Authority Deps	5,7	5%	512	5t2	5/1	55,			
Local Authority Bonds	-	-	I -		-				
Discount Mkt Deps	54	553	-	-	-	_			
Company Deposits	54	-	57 ₆ 5¦á 53 ₈		-	_			
Finance House Deposits .		-	5 7 8	512	55g	57			
Treasury BRIs (Buv)	-	-	5/4	53	515				
Barnik Billia (Bunt	-	-	558	512 535 513	55 ₆ 51 ₃ 513	-			
First Trade Bills (Birr)	-	i -		- 1	- 1	-			
Option (70)	-		2 97	302	3.15	3.24			
SOR Urlad Dep. Offer	-	-	4ie	434	4.3	412			
SOR Linked Oco Bid	-	!	46	418	4.	4			
ECU Linked Deg. Offer	-	' - i	7,6	7,5	714	6.3			
ECU Linked Dcp. Bid		-	File	7/4	7	9,4			
Sitta helip one menth 5,7 datareum : 5707 p.m. Ecsi rata. der period aug 25, 1 July 1, 1293 to July 30 data retern period aug 25, 1 July 1, 1293 to July 30 data retern period Rede for seven Depotal Radio for seven auf 7 and over held under one in	Color CN3 Color CN3 Color CN3 Color CN3 CN3 CN3 CN3 CN3 CN3 CN3 CN3								
	-								

COMPANY NOTICES

N K PROPERTIES LIMITED

DECLARATION OF DIVIDEND AND DEBENTURE INTEREST

DISTRIBUTION NO. 02

Notice is hereby given that final dividend No.U2 of 0.010 cents per share, and debenture interest of 11.490 cents per debenture, a total distribution of 11.5 cents per linked unit, be declared payable to unit holders registered on 10 September 1903. This distribution covers the 2 month period from 1 May to 30 June 1993. Choques will be posted on or about 1 October 1993. S.A. Non-resident Shareholders. Tax will be deducted at source where applicable.

The next distribution of these behaviors.

The next distribution is due to be declared in February 1994 and thereafter in Augus and February of each year.

Holders of Bearer Share Warrants in the name of New Kleinfvotein Properties. Limited are reminded that, consequent upon the correction of the company in 2 Property Loan Stock company on 1 November 1992, they are required to autrender their Share Warrants to the company's Transfer Secretaires for cancellation and replacement by certificates representing entitlements of new linked units reflecting the new name of N K Properties Limited. By Onler of the Board of Ourectors AFC Properties (Pty) Ltd.

N K Property Management Co (Pty) Ltd.

THE KINGDOM OF DEMMARK
E500,000,000
Floating Rate Notes Due 1998
In accordance with the provisions of
the Notes, notice is bereby given that
for the Interest period from 24th
August, 1993 at 24th November, 1893
the rate of interest on the Notes will be
5x-ty per annum. The interest payment date
on the relevant interest payment date
24th November, 1993 will be £144.93
per £10,000 Note and £1,449,32 per
£100,000 Note.
Fiscal and
Principal Paying Agent FORD MOTOR CREDIT COMPANY U.S. \$400,000,000

Floating Rate Notes Due August 1938
In accordance with the terms and conditions of the Notes, the interest rate for the period 25th August, 1993 to 26th November, 1993 has been fixed at 35% per ennum. The Interest payable on 26th November, 1993 will be U.S. \$8,944444 per U.S. \$1,000 nominal.

Principal Paying Agent



Ford

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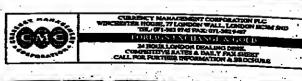
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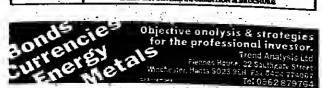


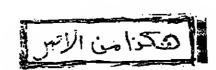


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Airlines, cyclicals up as Dow peaks again

Wall Street

US stock markets advanced further into record territory yesterday morning amid futures-related huying and continued strong demand for cyclical and airline stocks. urites Potrick Harverson in New

At 1 pm. all the major indices were at new record highs. The Dow Jooes Industrial Average was up 17.32 at 3.656.28. The more broadly based Standard & Poor's 500 was 2.21 higher at 461.98, while the Amex composite was up 0.97 at 256.12, and the Nasdao composite up 1.45 at 736.59 Trading volume on the NYSE was 175m shares by 1 pm.

Low interest rates, the lack of alternative attractive investments, and slowly-building confidence io the economic outlook have been cited as the main factors behind the markets' recent record-breaking run. That run showed no sign of faltering vesterday, as heavy buying of stock futures and sustained demand for cyclical and other economically-sensitive stocks continued to push prices to new highs.

strong, in fact, that it can hrush off seemingly bad economic news, such as yesterday's 3.8 per cent decline in July durable goods orders. That headline number, however, was not as bad as it looked, because the decline was entirely the result of lower aircraft orders: excluding the

transportation component, orders actually rose last month, investors were also cheered hy good news from the bousing market, where existing bome sales rose 5.4 per cent in July. Airline stocks were in demand after the securitles

house, First Boston, raised its

rating for Delta Air Lines from a "hold" to a "buy". Delta climbed \$2'; to \$55';, AMR, parent of American Airlines, rose \$17s to \$67%, USAir rose \$15 to \$161. and UAL firmed \$35 to Cyclicals remained firm. Ford rose \$\\ to \$52\\. General

Motors added \$5 at \$47% and Chrysler added \$15 at \$42%. Caterpillar, which led the market higher ou Tuesday, added another \$12 at \$32%. General Electric firmed \$14 to \$98%, and Minnesota Mining & ManufacPhilip Morris was a notably

poor performer, dropping \$3 to \$48% in volume of 4m shares after the broking house. Smith Barney Shearson, lowered its rating on the stock from "out-perform" to "neutral" because of the company's failure to raise its dividend.

Toys R Us rose \$1 to \$36% in

busy trading on press reports that the company plans to open Books R Us departments in its main toy stores following the success of a pilot scheme. Bell Atlantic jumped \$1% to \$60% on the news that a fed eral court had ruled that the company can enter the video-

programming husiness.

Canada

TORONTO finally hroke through its previous record high in morning trading after nudging ever closer during the last few days. At midse the TSE-300 composite index was up 7.91 at 4,120.15, with the financial services sub-index 11.01 higher at 3,081.82.

Among the most active stocks at midsession, Mitel Corp was up C\$\(^3\), at C\$8\(^4\) and Placer Dome up C' at C\$27%.

Paris opens new account in high spirits

ATTENTION focused even more firmly on today's Bundesbank meeting, writes Our Mar-advanced FFra to FFr1.287, but

PARIS started the naw account in high spirits with a 1.7 per cent rise in the CAC-40

index, up 35.91 to 2,159.31.

Turnover remained solid at FFr3.9bn. The last trading account had seen very heavy turnover, with a daily average of FFr4.3bn, swelling to a record FFr11.5bn on July 31, the day after the crisis in the ERM was triggered. During the August account the CAC-40

index gained 6.5 per cent. Société Générale was one of the most active stocks, assisted by its successful placing of 1.8m shares in Alcatel Cable, which crossed the market in early trading at FFr600 a share. The placing was equivalent to about 4 per cent of Alcatel Alsthom's holding in the company, now around 77 per cent. SocGen closed up FFr17 at FFr642, Alcatel Alsthom rose FFr13 to FFr735 and Alcatel

Cable lost FFr13 to FFr606. Havas, up FFr12.40 at FFr467.20, attracted attention on reports that it might raise

> lmost a year after winning permission to

invest in indian stock

markets, foreign fund managers have started to put serious

In the past six weeks, about

\$450m in foreign institutional

funds has flowed into indian equities, \$300m of it in the past

two weeks. The inflor has trig-

gered the sharpest rally in the

market since last year's finan-

cial scandal involving banks

and brokers brought the

weekend, the BSE index rose

27.5 per cent, Earlier this week

stock prices began to slip back

on profit-taking, and yesterday

fell 3 per cent to 2.655 on

shares might be hanned. However, while the market

reports that forward trading in

was one of the world's best

emerging market performers

last week with a 10 per cent

seen as 3 thing of the past

country's economic outlook.

tions that he received money

from Mr Harshad Mebta, 8 hro

ker deeply embroiled in last

year's scandal. Investors

breathed a sigh of relief as the threat to political stability dis-

appeared, at least temporarily.

improved performance in the

Indian economy, especially a sbarp increase in exports

which closed the trade deficit

in the first three months of the current financial year (April-

June 1993) to just \$300m, down

The monsoon rains, crucial

to India's agrarian based

economy, have also been good

from \$1.6bn a year ago.

They also welcomed signs of

1991-92 bull run to an end. From the end of July to last

money into equities,

off the day's high of FFr1,234. Euro Disney remained in the news with suggestions in the US that a new investor might come forward. The theme

FRANKFURT firmed as favourable inflation data from two west German states lifted the domestic bond market, and enhanced interest rate hopes. The DAX index rose 20.09 to 1,917.78, as turnover rose from

DM6.2bn to DM6.6bn.

park's shares gained FFr1.50 to

Among blue chips, MAN, the truckmaker and engineering group, rose DM10.50 to DM333 after a two-day fall of DM9.50 on poor half-year results ear-lier this week. Mr Nigel Lon-gley, an institutional adviser with Commerzbank, said that some traders were taking the view that all of the bad news

was out of the way Daimler gained DM9.30 to DM731.80 on the additional 14 000 job cuts at Mercedes. analysts reworking 1994 earn-

FT-SE Actuaries Share Indices THE EUROPEAN SERVES 10.30 71.00 12.00 13.00 14.00 15.00 Gost 1305.71 1306.81 1306.82 1307.25 1308.09 1308.97 1309.33 1310.93 Aug 1a 1291.83 1297.31 1375.46 1374.00 Seto value 1900 (29/10/90) Highley: 100 - 1311.10; 200 - 1391.35 Lowider: 100 - 1305.66 200 - 1307.80.

Meanwhile, Commerzbank showed a relative fall. unchanged at DM315.50 following a warning by Moody's late on Tuesday that it was reviewing the large German bank for ssible downgrade on its debt rating

AMSTERDAM noted soma positive rises in most internationals, helped by Wall Street's record close on Tuesday. The CBS Tendency index put on 1.2 The publishing sector again

featured, with Wolters Kluwer, popular since its good first half profits on Tuesday, adding FI 1.50 to Fi 100.50, up some 25 Gist Brocades, the hiotechnology group, built on Tues-

day's advance after releasing satisfactory first half figures the shares rising Fl 1.60 to Fl 49.20. Pakhoed, the storage and transport group which is due to release first half figures today, was quoted 30 cents higher at F144.10.

MADRID gained from an extended raily in the bond market, and on interest rate hopes as the general index, 3.97 higher at 297.81, registered its second consecutive high for the year. Turnover shot up from Pta24.7bn to Pta34.5bn.

Interest rate-sensitive com-panies, such as banks and electricity utilities, ware among the main winners, Argentaria putting on Pta130 to Pta6,000 and Endesa Pta170 to Pta5,360.

in blue chips as the SMI index closed 30.0 higher at 2,502.4.

Nestle benefited with a SFr17 rise to SFr1,117. In banks, SBC rose SFr9 to SFr497 ahead of next week s results; and a higher dollar lent support to pharmaceuti-cals, where Ciba-Gergy certificates put on SFr9 to SFr707.

MILAN remained fairly strong with foreign activity noted particularly in the banking sector, as well as in some other stocks which have underperformed the market recently. The Comit index finished up 1.57 at 617.25, although more than two hours was lost due to a technical failure in the elec-

tronic dealing system. Among the banks, Mediobanca was one of the day's best performers, putting on L553 or 3 per cent to L17.965.

OSLO featured a 5 per cent gain in shipping stocks as the All-share index rosc 10.35 to 568.9. HELSINKI saw an 11.4 per cent drop in the bank shares index, and profit-taking was blamed as the Hex index

Foreign investors return to Indian equities

R C Murthy in Bombay and Stefan Wagstyl in New Delhi on the market's recent rally

Trading concentrates on telecoms as Nikkei rises

ARBITRAGE-linked trading dominated activity and share prices followed the futures market, closing higher in thin volume. urites Emiko Terazono

in Tokwo The Nikkei average gained \$9.61 at 20.521.45, finishing above the 20,500 level for the first time since August 16. The index fluctuated hetween 20,542,35 and 20,412,24 on tecbnical trading as most investors

remained on the sidelines. Volume was 200m shares, against 172m on Tuesday, as advances led declines by 553 to 868, with CSI issues unchanged. The Topix index of all first section stocks rose 6.96 to 1,649.27 and in London, the ISE Nikkei 50 index firmed 1.91 to 1,261.40.

Some Investors were wary ahead of the last trading day for August delivery today. Many market participants were also discouraged by the June diffusion index, the leading indicator for the economy. which fell below the critical 50 per cent level for the second

consecutive month. Trading concentrated on telecommunication-related issues following the successful auction on Tuesday for DDI, a new long distance telecom company. The public offer price, the weighted average of the successful auction blds,

was fixed at Y3.7m. Sbort-term trading of DDI related issues is expected to heighten ahead of DDI's listing on the TSE's second section on Sentember 3. Kyocera, DDI's leading sbareholder, moved forward Y20 to Y6,180.

Dealers bought Nippon Telegraph and Telephone, which rose Y5,000 to Y938,000, while Fujitsu put on Y11 at Y791. Banks were higher on bargain bunting. The sector had lost ground following the yen's

discount rate, Industrial Bank of Japan advanced Y50 to Y3,390 and Mitsubisbi Bank

appreciated Y50 to Y2,900. Housing-related shares were bought on reports that interest rates on bousing loans will fall in October following the cuts in short and long-term prime lending rates by commercial Mitsul Fudosan improved Y10 to Y1,320 and Daikyo Y30 to Y1,290.

In Osaka, the OSE average ended 71.64 higher at 22.459.27 in volume of 39.1m shares. Nintendo, the video game maker, advanced Y240 to Y10,100.

Roundup

WALL STREET'S overnight gains did relatively little for the Pacific Rim.

AUSTRALIA crept lower, the All Ordinaries index finishing 1.6 off at 1,922.6 as turnover rose from A\$408m to A\$434m. News Corp slipped 13 cents to AS9.32 as Its 72 per cent jump in net profits was

described as helow expectations. Caltex Australia, the petroleum refiner and mar-keter, closed 13 cents ahead at A\$2.59 after its half-year results pleased oil analysts. NEW ZEALAND saw another

big husiness but the NZSE-40 index subsided hy 18.79 to 1,984.03 as investor worries about industrial relations at Telecom, and profit-taking in Brierley, weakened the two key stocks. Telecom receded 9 cents to NZ\$3.97 and Brierley dipped 5 cents to NZ\$1.15.

Turnover came to NZ\$68m. HONG KONG fell on worse than expected profits for airline Cathay Pacific, weakness in property shares, and fut-ures linked trade. The Hang Seng index shed 62.10 to

Cathay's 46 per cent drop in first-half profits left it 40 cents

ties, Sun Hung Kai Properties lost HK\$1.25 at HK\$36.25 after Tuesday's major bank decision to tighten mortgage lending.

SEOUL's composite index fell a further 9.93 to 705.10, investors staying away as brokers said economic fundamentals were weak. Turnover shrank

KARACHI finished lower on selling by short-term operators and the absence of Institu-tional buying, the KSE index sliding 14.31 to 1,325.35.

SINGAPORE approached its all-time high again, the Straits Times Industrial index ending 21.22 up at 1,976.09. Kay Hian James Capel rose sharply on expectation that the stockhroker will do better in the second half, after a very good set of interim results, as the market's hull run continues: the registered shares added 11

cents at SS1.6 KUALA LUMPUR was mixed hut property Issue Lion Land saw stroog afternoon buying on renewed talk of a timber deal. The KLSE composite index edged up 0.25 to 805.72 as Lion climbed 58 cents to M\$4.12 in 13.4m volume on a strong rumour linking it with Sabah

BANGKOK advanced on late buying of banks and small finance companies, the SET index finishing 8.50 ahead at 952.33 in turnover up from Bt5bn to Bt5.4bn. JAKARTA hit another year's high as the JKSE index rose 4.86 to 398.49 on strength in the banking and manufacturing sectors.

SOUTH AFRICA

THE downwards drift in gold shares on the back of a weaker bullion price deepened near the close, but industrials beld on to small gains. The golds index lost 32 to 1,756 while industrials rose 7 to 4.624. The overall index shed 6 to 4.045.

in most parts of the country. The rise in equities has be accompanied by a five-fold increase in daily turnover in the past month - from Rescon to Rs4bn (\$25m to \$127m). Bro kers say this indicates the rall; is broadly based and involves large number of investors.

rokers in Bombay sug gest that a major reason for the upsurge in for eign inward investment is growing fear among interna tional investors that the Chi nese economy may he over heating. For investors seeking to place funds in a large devel oping country, India is an alternative to China, they say However, Marlin Partners,

Bombay investment company warns that the rally may no last hecause further price increases would rapidly trigger a surge in primary issues.

EA	ERGING	MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES												
			Dollar terms		Local currency terms									
Market	No. of stocks		% Change over week	% Change on Dec '92	Aug 20 1993	% Change over week	% Chang on Dec 19							
Latin America														
Argentina	(11)	662.75	+6,9	+14.2	406,679.17	+6.9	+14							
Brazil	(44)	201.81	+12.0	+61.4	23,701,388.57	+19.4	+1036							
Chile	(20)	429.66	+1.5	+2.7	702.38	+1.7	+9							
Colombia ⁷	(8)	443.11	+3.6	+4.2	632.25	+3.8	+3							
Mexico	(58)	726.08	+3.1	+7,4	973.57	+3.1	+7							
Venezuela ²	(8)	478.58	-4.0	-7.9	1,019.20	-3.3	+9							
East Asia														
South Korea ³	(130)	100.02	+6.5	+1.9	106.57	+8.6	+4							
Philippines	(11)	168,73	+3.0	+26.4	223.10	+1.5	+38							
Taiwan, China*	(76)		-2.4	+14.0	84.30	-2.3	+20							
South Asia	, ,		-											
India ³	(61)	93.61	+10.6	-0.1	103.52	+10.0	+8							
Indonesia*	(31)		+2.4	+50.2	100.20	. +2.4	+52							
Malaysia	(61)		+3.3	+37.3	211.56	+3.3	+34							
Pakistan*	(8)		-0.7	+14.2	308.73	-0.7	+33							
Thailand	(52)		-1.2	+15.0	264.68	-1.4	+13							
Euro/Mid East														
Greece	(17)	247.96	-2.2	+27.0	394.38	-4.1	+38							
Jordan	(5)		-3.3	+30.3	217.91	-3.3	+31							
Portugal	(16)		+7.8	+32.4	119.17	8.E+	+52							
Turkey	(31)		+11.1	+103.1	+738.18	+123	+175							



July 1993. This announcement oppears as a matter of record only.



P.T. PANIN BANK

80,000,000 Shares **International Placement**

The undersigned acted as financial advisor to P.T. Panin Bank and sole placement agent in this transaction.



FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 24 1988								MONDAY AUGUST 23 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Vield	US Dollar Index.	Pound Starling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	144.10	-0.8	142.76	94.46	125.98	143.86	-0.5	3.49	145.31	143.39	94.84	127.57	144.59	145.94	117.39	128.7
Austria (17)	199.09	+1.0	167.52	110.84	147.82	147.68	+0.8	1.31	167.46	165.24	109.30	147.01	146.57	169.29	131.16	149.0
Belgium (42)	150.65	+0.2	149.25	98.75	131.70	131.52	-0.4	4.36	150.36	148.37	98.13	131,99	132.01	156.76	131.19	145.9
Canada (108)	127.96	+0.6	126.78	83.88	111.86	122.22	+0.5	2.76	127.15	125.47	82.98	111.61	121.58	130.38	111,41	125.9
Denmark (33)	222.07	-0.8	220.01	145.57	194.14	208.18	-1.1	1.09	223.52	220.56	145.89	196.22	210.45	227.15	186.11	224.1
Finland (23)	114.44	-1.0	113.38	75.02	100.05	139.15	-0.9	0.87	115.58	114.03	75.42	101.44	140.36	118.56	65.50	81.1
France (87)	163.00	+1.1	161.49	106.84	142.46	149.70	+0.6	3.08	161.27	159.13	105.25	141.56	148.67	167.36	142.72	
Germany (60)	122.78	+0.8	121.63	80.49	107.33	107.33	+0.4	1.96	121.79	120.17	79.50	106.91				156.1
	289.32	- 1.1	286.63	189.65	252.94	287.82	-1.1	3.40	292.55				106.91	124.94	101.59	115.0
Hong Kong (55)		-1.1	168.43	111.44	148.52	170.38			171.98	238.57	190.93	256.83	291.05	301.61	218.82	219.1
retand (15)	170.01						-1.5	3.27		169.70	112.24	150.87	173.03	171.98	129.28	158.5
taly (70)	76.81	+0.2	76.10	50.35	67.15	91.45	+0.0	1.78	76.63	75.81	50.01	67.27	91.48	77.14	53.78	84.1
Japan (470)	157.28	-0.6	155.80	103.08	137.48	103.06	-0.1	0.80	158.14	156.05	103.21	138.84	103.21	165.91	100.75	102.3
Malaysia (69)	381.71	+0.7	378.16	250.20	333.68	374.73	+0.6	1.82	379.23	374.21	247.50	332.90	372.52	381.71	251.66	227.2
Mexico (19)		+1.2			1536.03	5973.55	+1.2		1736.70		1133.47	1524.55	5905.31	1757.05	1410.30	1259.9
Netherland (24)	180.18	+0.9	178.48	118.09	157.50	155.49	+0.5	3.47	178.50	176.14	116.50	156.70	154.71	180.16	150.38	164.6
New Zealand (13)	61.78	-1.0	81.21	40.5Q	54.01	59.37	-1 <i>-</i> 2	3.78	62.38	61.58	40.72	54.76	60 11	62.98	40.56	41.9
Norway (221	169.71	-0.5	168.14	111.25	148.37	167.99	-0.6	1.57	170.54	168.28	111.30	149.71	169.03	177.31	137.71	136.4
Singapore (38)	278.80	-0.5	276.21	182.75	243.72	206.53	-0.8	1.87	280.22	276.50	182.89	245.98	207.71	281.13	207.04	186.1
South Airica (60)	198.78	+0.1	196.93	130.30	173.77	202.68	+0.1	2.55	193.63	196.00	129.83	174.36	202.53	215.29	144.72	188.6
Spain (43)	136.30	+2.4	135.04	89.35	119.18	139,30	+1.1	4.09	133.16	131.39	86.91	116.89	137.85	136.30	115.23	138.2
Sweden (36)	164.46	-0.6	182.75	120,92	161.26	219.76	-1.1	1.53	185.66	183.20	121.18	162.99	222.15	196.23	149.70	171.4
Switzerland (50)	135.01	+1.0	133.76	88.51	118.04	123.75	+0.5	1.75	133.67	131.90	87.25	117.38	123.19	135.01	108.91	111.8
Jnited Kingdom (218)	186.01	-0.1	164.28	121.92	162.58	164.28	+03	3.80	186.26	183.79	121.55	163.49	183.79	189.35	162.00	179.6
JSA (520)	187.93	+0.a	186.19	123.20	164.30	187.93	+0.9	2.72	186.21	183.74	121.53	163.47	186.21	187.93	175.38	187.5
Europe (750)	154.76	+0.4	153.32	101.45	135.30	147.72	+0.3	3.03	154.14	152.10	100,60	135.32	147.32	156.45	133.92	144.9
Nordic (11-4)	175.88	-0.7	174.25	115.29	153.76	184.02	-1.0	1.35	177.06	174.73	115.57	155.45	185.92	183.23	142.13	
Pacific Basın (714)	181.09	-0.6	159.59	105.60	140.83	110.26	-0.2	1.07	162.02	159.97	105.75	142.23	110.46	168.80	105.89	159.5
uro-Pacific (1464)	158.38	-0.2	156.91	103.81	138.45	125.36	+0.0	1.85	158.67	156.57	103.55	139.28	125.37	162.72	117.26	108.8
North America (628)	184.20	+0.9	182.49	120.76	151.06	183.45	+0.0	2.73	182.53	180.11	119.14	160.28				122.2
Europe Ex. Uk (532)	135.06	+0.8	133.80	88.55	118.08	126.45		2.73	134.03	132.26	87.50	117.89	181.80	164.20	171.51	164.9
Pacific Ex. Japan (244)	199.21	-0.7	197.36	130.61	174.17	184.78	+0.3		200.57	197.91	130.92	176.09	128.11	135.92	112.51	123.9
Norld Ex. US (1681)	158.78	-0.1	157.30	104.09	138.61		-0.6	3.03					185.89	202.66	152.70	150.8
		+0.3	164.1S	108.62	144.87	127.56	+0.0	1.88	159.00	156.90	103.78	139.59	127.53	162.78	118.51	123.7
World Ex. UK (1953)	165.70	+0.3	165.84			142.50	+0.4	2.02	165.21	163.02	107.83	145.04	141.97	167.77	134.22	133.6
World Ex. So. Af. (2111)	187.40	+0.5	173.33	109.74	145.35	145.77	+0.4	2.18	186.97	164.76	108.98	146.58	145.24	169.60	137.29	137.3
Vorld Ex. Japan (1701)	174.95			114.69	152.97	170.83	+0.6	2.93	173.96	171.55	113.48	152.64	169.64	174.95	157,47	157.4
he World (ndex (2171)	187.49	+0.3	165.94	109.80	148.44	148.26	+0.4	2.19	167.07	164.85	109.04	146.67	145.74	169.68	137.32	137.6

